The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan's Hand in the Southern Crisis--- Leith-Ross Pleads for Nanking at Tokyo

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The Price of Peace with Japan Is Too Great . By C. Y. Hsieh

Some High-Lights of the Situation in North China . . . . . By C. Y. W. Meng

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AMERICANS GET STRANGE REPORTS ON FAR EASTERN CRISIS

WILLIAM E. PRIESTLEY, who is listed as secretary of a club in Seattle which is devoted to the promotion of study and friendly relations between China and the United States, is certain there never will be a war between United States and Japan. Speaking before a Masonic organization the other day, Mr. Priestley declared that the United States had decided to give the Japanese the one thing they wanted—the Philippine Islands—hence there would be no further trouble on the Japanese-American front. We quote some of Mr. Priestley's wisdom, "When we give the Philippines independence the Japanese flag will be up by sunset—if the British flag isn't up by noon." Apparently Mr. Priestley, although Secretary of an organization devoted to the study of an imporant Far Eastern country, had not heard that the United States Government had sent one of its most distinguished soldiers, Gen. Douglas MacArthur, to the Philippines for the purpose of inaugurating a 30-year defense construction program, the object of which "was to make the conquest of the Islands entirely too expensive for any nation to undertake." Mr. Priestley also said that Japan was entirely too busy grabbing raw materials and Chinese territory and also was too much afraid of Russia to bother about fighting the United States. After delivering this bit of wisdom, Mr. Priestley declared, or was quoted as declaring, that Japan was producing "one million excess babies every year," which remark provoked Arthur Brisbane, famed Hearst editorial writer to suggest that President Roosevelt should send Margaret Sanger of birth control fame as U. S. Ambassador to Japan!

Leaving Mr. Priestley and his wisdom on the Far Eastern situation we turn to the other extreme, Bernarr Macfaddon and his widely circulated *Liberty Magazine*. Mr Macfaddon, according to a 2-page editoral in the May 16 issue of his magazine, was indignant because the United States "was ignoring the serious situation that menaces California and our entire Pacific Coast—

and perhaps our entire country." He said it was difficult for many patriotic Americans to express their feeling on this subject "without sinking to the level of profanity."

Mr. Macfaddon recently had visited in California and had collected considerable information. He was told by a California official that there are 250,000 Japanese in California—all armed—that there are 120 Japanese fishing boats in the bays of California large enough to be used as mine layers; that there are nearly 150 Japanese in California owning private planes who were formerly bombing-plane pilots in the Japanese army. Furthermore, Mr. Macfaddon was informed that there are 200,000 Japanese soldiers in Mexico with a large number of commissioned and non-commissioned officers; that there are 50,000 Japanese soldiers in Peru conveniently located to the Panama Canal. All these soldiers, "it was understood," are reservists, having received military training in Japan prior to emigration.

The editor of *Liberty* then demanded, "What are we doing about this threatening situation now facing us?" Answering his own question he declared, "Absolutely Nothing!" He then outlined what should be done and at once: Station at least a half million U. S. soldiers in California, equivalent to the number of Japanese reservists in that state as well as Mexico and Peru. Increase our air-fleet to the point where an invading army could be attacked in such large numbers by our planes that they would "seem like a swarm of buzzing bees to our enemies." He said that California was too rich and wonderful a state to take any chances on handing it over to the Japanese; he said that many Californians were worried and that the War Department should take immediate steps to erect defenses and in addition to a great increase in battleships and army there should be a large auxiliary police force with airplane schools everywhere for the training of pilots. Those who would curtail America's munition plants "ought to hang their heads in shame and should be placed in the front line of the army which may be needed to repel invaders."

Mr. Macfaddon's editorial was illustrated by the familiar figure of a Japanese soldier thrusting a bayonet at Uncle Sam's heart. In the pocket of the Japanese soldier's waistcoat was an illustrated steamship or railway folder bearing the picture of a pretty maiden under the heading, "California."

Before someone else makes the suggestion, we hasten to recommend that Mr. Priestley be required to read and commit to memory all of *Liberty's* editorials dealing with the Japanese menace and that Editor Macfadden be assigned the duty of personally covering all of Mr. Priestley's lectures on Japan's lack of aggressive designs with respect to the United States and the rest of the world.

U. S. "BLACK LEGION" SENT ANTI-JEWISH PAPERS HERE

RECENTLY the mails to Shanghai from the United States have contained copies of a small newspaper called the *American Gentile*, the publication of which allegedly was inspired by the "Black Legion". The pages of the paper were filled with attacks on Jews and other groups, some of which were referred to in recent *United Press* messages dealing with exposures of the "Black Legion" a secret organization which was characterized as advocating "terroristic Fascist political methods in the elimination of un-American influences." A recent report stated that the U. S. Postal authorities had been asked to watch out for the circulation of leaflets and pamphlets "designed to inflame religious and social hatreds." The aims of the Legion, according to the reports, were to foment agitations against Jews, Negroes and Catholics, thus resembling the now defunct Ku Klux Klan. It was also claimed that the editor of the *American Gentile*, copies of which were received in Shanghai, was a former resident of this city, once engaged in protestant missionary work, who later resigned and formed an organization which circulated propaganda against communism in China, his argument being that communsim was being fostered by Jews.

Of interest in connectiion with the allegations in the copies of the *American Gentile* charging the financial control of the United States by Jews, was an article in the magazine *Fortune* dealing directly with this subject. The magazine *Fortune*, according to popular report is owned by one of the partners in the Wall Street firm of J. P. Morgan and Company, a non-Jewish concern.

Fortune showed that there is little ground for anti-Semitism in the United States in the increase of Jewish numbers. There are now 4,500,000 Jews in America, one-thirty-second of the total population of 130,000,000. Contrary to the charges that the Jews run banking, it was found that of the 420 directors of the leading New York firms which were members of the New York Clearing House, only 30 were Jews, half of whom were connected with two organizations. In the investment field, Kuhn, Loeb and Company is the biggest Jewish firm. On March 31 of last year, *Fortune* showed, 19.97 per cent of all outstanding loans were made by the House of Morgan, and 2.88 per cent by Kuhn, Loeb. The charges that all Jews are radicals the magizine also showed, were absurd.

However, the problem of race prejudice is an important one not solved by statistics but by enlightenment. Where it is officially fostered, as in Germany where Jews, negroes, and Orientals are branded "inferior" to the superpure "Ayran" anti-Jewish propaganda is used as a political

screen to foster the ends of venal interests, just as Japan used race prejudice to slaughter thousands of Koreans and Chinese at the time of the great earthquake. At the present the Japanese military authorities are using race prejudice to further their selfish ends by telling the Japanese people they are direct descendants of God; hence are superior to other Orieutal peoples and in consequence are entitled to rule the earth. In America race prejudice and fascist tendenices became more pronounced as a result of the depression. Intelligent persons, however, will refuse to lay the ills of a nation or of the world against any particular race. World troubles and unrest are caused by realistic, not fantastic, factors of which the economic element always plays an important role. Race prejudice always has and always will be a brake on human progress, in Germany, in Ameerica, in the Orient, or at the North Pole. Its perpretators, such as the promotors of the *American Gentile* usually meet their deserved reward and usually it is not a happy one.

Of further indirect interest to those concerned with the subject of races and race conflicts was an article in the May 11 issue of *Time* which referred to the life-long investigations of Dr. Franz Boaz, anthropologist for 53 years, much of which was connected with the well known Smithsonian Institute at Washington, D. C. In a recent address before the American National Academy of Science Dr. Boaz declared that the eugenists "might as well call off their dream of breeding toward an ideal man until there is some agreement as to what the ideal is. . . . if we were to select the most intelligent, imaginative, energetic and emotionally stable third of mankind, all races would be represented." The article in *Time* also referred to the work of Sir Arthur Smith Woodward and Julian Huxley in England, "who are engaged in knocking the flimsy props from under Nazi ideas of race purity and race superiority." Dr. Boaz declared that nowhere on earth was there such a thing as a pure race and that even the word "race" was a vague and approximate one at best and expressed his personal doubt whether there were any "superior" races. He declared that anatomists couldn't tell the difference between the brains of a Swede and a Negro. He said that the greatest motivating influence on mankind is environment.

Japan's Hand in the South-China Crisis—Opium Traffic Also Involved

ELSEWHERE in this issue of *The Review* appear a number of special articles which provide the first definite information, so far as the English-language press is concerned, regarding the dramatic developments in South China in recent days. Of outstanding significance is the fact that the hand of Japanese militarism is involved on both sides. Kwangsi province, despite the recent blasts of its military leaders against Japanese aggression in North China, has recently had extensive dealings with Japan for munitions and, according to report, for airplanes and aviation-advisers as well. A further element in the animosities of Kwangsi and Nanking is the opium traffic, an important phase of South China politics which is not generally realized in the North. Kwangsi previously controlled and realized handsome profit from the transportation of opium, through the province from Yunnan and Kweichow to the Canton market. That profit disappeared when Gen. Chiang Kai-shek, as a direct result of the anti-red war, established Nanking control in Yunnan, Kweichow and Szechuen. Faced with the loss of revenues from the transportation of opium, Kwangsi is trying to make up for it by wholesale production of opium within the province. This phase of the situation is covered in an article by a Canton correspondent which appears elsewhere in this issue.

However, it is obviously not correct to attribute bad domestic politics and controversies over opium revenues as the sole cause of the crisis which allegedly has reached a point where large bodies of Southwestern troops are preparing to march north with the declared object of fighting Japan in North China. Incidentally, the terms "Southwest," and "Southwestern Political Council" were derived from the fact that the so-called Southern Group originally included, in addition to the provinces of Kwangtung and Kwangsi, the more southern and westerly provinces of Yunnan, Kweichow and Szechuen. But those provinces were split off from Southern domination and attached to Nanking as a direct result of the successful conclusion of Gen. Chiang's anti-communist campaign which drove the so-called "reds" out of Kiangsi and eliminated their influence elsewhere in the South. In one of the recent anti-Nanking declarations circulated by the Japanese *Domei* news service, a Kwangsi leader was quoted as stating that Gen. Chiang was planning an invasion of Kwangsi from Yunnan and Kweichow.

The spreading of fake reports alleging an actual outbreak of civil war in the South by the semi-official Japanese *Domei* news service should have convinced most thoughtful newspaper readers that Japanese had an ulterior motive in view. And so they had—several of them—but the chief one was the desire of the Japanese army to create a diversion in the South which would distract

attention from Japan's actual occupation of the Peiping-Tientsin district and her even more daring schemes in Inner-Mongolia. For example the *Ta Wan Pao* reported on June 9 that some 6,000 Japanese, military and civilians, are now involved in the creation of an "autonomous" government in Inner-Mongolia which will be accompanied by the setting up of Prince Teh Wang as Japan's latest puppet. Previously Teh Wang, outstanding leader of the Young Mongols was a loyal friend of China and official of the National Government. Now, as a result of Japanese intrigue and military pressure, Teh Wang has been forced into a position differing little from that of Henry Pu-Yi at Changchun, Yin Ju-keng in East Hopei and a number of others who are rapidly drifting in the same direction in North China and even as far south as Fukien province.

With the Manchurian provinces completely lost; with the equally important Inner-Mongolian provinces of Jehol, Chahar and Suiyuan now rapidly drifting into the fold of Manchukuo; with the northern one-third of Hopei province, camouflaged as the "East Hopei Government," completely controlled by the Japanese army and used as a base for dope and smuggling trade; with a recently enlarged Japanese garrison established in North China for the purpose of dominating the politics and economics, controlling the railways and over-aweing the population of Hopei, Shansi and Shantung—it was inevitable that some group somewhere should raise the banner of protest.

Therefore, despite the distracting elements of bad domestic politics, personal animosities and the opium traffic, the outstanding element in the controversy between Canton and Nanking is that of JAPANESE AGGRESSION! Because, in addition to the actual loss of valuable territory and national resources, including railways for which the Chinese people paid a terrific price, the Chinese now see the tariff barrier of their country being broken down in order that China may serve as a dumping ground for the cheap goods turned out by the sweat-shops of Osaka.

In 1926 and 1927 the fundamental issue which inspired the Nationalist Movement at Canton was that of Anti-Imperialism and as such was directed against all of the Powers, but primarily Great Britain which nation then exercised a dominating influence in Chinese administrative and fiscal affairs.

Now the Chinese people, but primarily the Cantonese who inspired, financed and directed the Nationalist Movement, observe their work being undone and worse, they see their entire country being converted into a Japanese colony or, even worse, being split up into small spheres and principalities ruled by puppets somewhat on the order of British India, or even still worse, they fear the possibility of Imperial Japan as a last resort offering to divide China among the other imperialists in order to achieve her ambition as the "dominating power in Asia."

"THEY'LL DO FOR ME—CLEAR OUT!" By SAPAJOU. North-China Daily News, Shanghai.

The above cartoon was based on the report that the Japanese have demanded the use of the Nanyuan barracks located outside the Peiping City Wall and now occupied by the troops of Gen. Sung Chen-yuan, head of the Hopei-Chahar Council.

The Japanese military authorities who inspired the fake *Domei* reports alleging an outbreak of civil war, tried to create the impression that Canton had launched an attack on *Nanking and Tokyo*, thus putting Nanking in the unenviable position of partnership or connivance with Japanese aggressors. Since the National Government is composed of many of the men who participated in the original Nationalist drive from Canton it is ridiculous to imply they are less patriotic than those who are now in opposition. The only difference in their reactions as compared with the attitude of those outside of the government on the Japanese issue has been Nanking's desire to postpone the day of reckoning until China was sufficiently strong to put up effective resistance. Gen. Chiang Kei-shek has been investing all available revenues in the training of men and purchase of equipment in the belief that the day would come, sooner or later, when China might

be able to even scores with her chief enemy. Chinese generally believed that day would come when Japan became involved in serious complications with some other country, America, Russia or Great Britain.

It is possible, in fact it appeared likely as these lines were written (Wednesday June 10) that the Japanese warlords might succeed in directing Chinese animosities into another civil war and thus managing to escape for a further period the gathering storm of anti-Japanese hatred which has been gaining force throughout the country. But even though the Japanese succeed in precipitating another civil war and causing the Chinese to waste valuable manpower and military resources in internal strife which was intended for use against the foreign aggressor, the Japanese escape can't be more than temporary. Ultimately common sense will prevail and patriotic wisdom will penetrate the heads of the dumbest and most obstinate military and political leaders, causing them to realize the seriousness of the menace facing their land and people. "Don't Kill Your Own People With the Enemy's Sword," or "Don't Permit the Enemy to Use Chinese to Fight Chinese," are slogans now appearing in all of the Chinese newspapers, hence there is a possibility that civil strife may be avoided even at the last moment.

Revealing Japanese reactions on the crisis were indicated in the latest copies of Tokyo newspapers to reach Shanghai. Referring to the recent visit of Gen. Chang Chun, Minister of Foreign Affairs, to Shanghai, the *Jiji Shimpo* alleged that Gen. Chiang Kai-shek had instructed the Foreign Minister to come to Shanghai in order to interview Major-General Seiichi Kita, Japanese Military Attache and thus pave the way for a personal interview in Nanking between Gen. Kita and Marshal Chiang for the purpose of discussing the situations in both North and South China. The Japanese report alleged that Gen. Chiang Kai-shek was anxious to present to the Japanese military authorities a "concrete plan for the settlement of Sino-Japanese issues; that Gen. Chiang, owing to the growing pressure on the Central Government, was expected to be ready to agree to an offensive and defensive alliance between China and Japan." The significance of this statement from the Tokyo newspaper should be apparent for it indicates that the Japanese military authorities are taking advantage of the crisis in the South to press Nanking for a military alliance—which would, in all probability, be merely an extension to Nanking of the secret "anti-red pact" which the Japanese warlords have already forced upon Gen. Sung Cheh-yuan, head of the Hopei-Chahar Political Council. Further international angles to the situation were revealed in a telegram published in the *Nichi-Nichi Shimbun* (June 4) alleging that Sun Fo, head of the Nanking Legislative Yuan, had admitted the existence of a secret Sino-Soviet pact between the Soviet Government and a "certain quarter at Nanking," the said pact providing for China's recognition of Soviet special rights in Outer-Mongolia and Sinkiang in exchange for Russian military assistance against Japan. Thus have the Japanese paved the way for pressing their "anti-red" pact on Nanking, using methods similar to those applied at Peiping in accomplishing a similar objective. Another Tokyo paper, the *Kokumin Shimbun*, (June 5) revealed a further foreign angle by stating that British interests at Hongkong recently have become worried at growing Japanese influence in Kwangtung and Kwangsi and recently had been "giving thought to steps designed to estrange Japan from the Southwest." Referring to the attitudes of the two southern leaders Chen Chi-tang and Pai Chung-hsi, toward Japan, the *Kokumin* said that they had been "sitting on the fence in typical Chinese fashion," but recently had tended toward a policy of friendship with Japan and had suppressed anti-Japanese agitation in the South. The *Kokumin* paid high tribute to the fighting ability of the Southerners and gave them credit for "trying to develop the race and provide for the welfare of the masses." But on the other hand it was declared that Nanking was confident of its ability to defeat Canton, in fact the feeling prevailed in Nanking "that the Southwest was incapable of challenging Nanking in arms." Another article in the *Kokumin* admitted that strife between Nanking and Canton would vitally affect Sino-Japanese relations "because the Southwest faction has intimate relations with Japan" and that serious trouble between Nanking and the Southwest would vitally affect the political power in North China. The *Asahi Shimbun* said that the Japanese Army was taking steps to guard itself against China's "dilatory tactics," and also was strongly opposed to further "verbal diplomacy" with Nanking. The Japanese army was deeply resentful at Nanking's tactics in "instigating America and Britain to make an international incident of the smuggling business." Also it was charged that Nanking had instigated the students to start another anti-Japanese movement. In further reference to the British attitude, the Japanese papers claimed that the British feared another civil war in China would cause a collapse of their extensive plans for railway construction, mining and industrial development in South China, hence the British would exert their influence behind the Nanking Government and would try to prevent the outbreak of another civil war. Generally it was suggested that the Japanese would not make any definite moves before the new Japanese Ambassador, Kawagoe, assumes his post at Nanking sometime between June 16 and 22.

***

The following is the complete text of the joint telegram dispatched to Nanking by the Kuomintang Southwest Executive Committee and the Southwest Political Council on June 2, only brief

summaries of which have, heretofore, been published in the local press:

"Press reports for the last few days leave no room for doubt that the Japanese have again made an aggravated assault on us. Their smuggling in North China is matched in magnitude only by the increase of their troops in the Peiping-Tientsin area. We of the Southwest Political Council and the Southwest Committee of the Kuomintang Central Executive Committee shudder at the future of our country at such redoubled aggression by economic means as well as by force of arms. The fate of our country is now in the balance. Only resistance can save us. There is no way out except a grim war of resistance by the whole Chinese people."

You have tried the League of Nations, but what has the League done in really helping us? You have tried conciliation, but whither has conciliation brought us? Only to another aggravated assault on us by the enemy. That the Central Government has had to bear with so much insult and not immediately to break peace the people understand well enough. But peace must have a purpose and forbearance a limit. The continuation of the policy of forbearance and peace will only whet the emeny's insatiable appetite for our territory. Memories of Japanese atrocities on and since September 18, 1931 and January 28, 1932 are still with us. The Four Northeastern Provinces are as good as lost. For five years have our people there had to bow down to the enemy's ruthless domination. And now it is the turn of Peiping and Tientsin. There is an old Chinese adage which says that feeding the enemy with territories is like feeding a fire with firewoods. Just as the fire demands the last piece of firewood, so will our enemy demands the last slice of our territories.

But our territory is the heritage from our revered ancestors. We have to live on it. To feed the enemy with it is national suicide. We therefore insist that not an inch of our territory north of the Yellow River should be alienated. With all the vehemence at our command, we urge that you be determined now to lead the entire Chinese people in fighting for the last chance of life. "Stand up and take the war, the Hun is at the gate". We of the Southwest will not be the only ones who follow. There is no time to be lost. Pray take heed of our very earnestly if vehemently proffered opinion."

(*Signed*) THE SOUTHWEST COMMITTEE OF THE CENTRAL EXECUTIVE COMMITTEE AND THE SOUTHWEST POLITICAL COUNCIL.

SOUTHERNERS START NORTHERN "ANTI-JAPANESE DRIVE"

SPECIAL CORRESPONDENCE FROM CANTON

WHILE admitting that there has been heavy Japanese propaganda in spreading rumors of a split between Canton and Nanking, from the many manifestoes issued by the Kwangtung and Kwangsi governments it is fairly safe to say that there is now an important military movement taking place in the Southwest. The scene of its organization is not Canton, as the Japanese news agencies report, but in Nanning where the movement is being organised by General Pai Tsung-hsi. From all available news from Kwangsi circles this movement is not planned against the Nanking Government but it is purely a patriotic demonstration against the increase of Japanese troops in North China.

The Southerners have tanks and other mechanized equipment which is being prepared for service in the "Northern drive against Japanese Aggression."

For how long has the Kwangsi military officers prepared this anti-Japanese movement is not quite clear but the Kwangsi provincial government for many months past has proclaimed orders for conscription in the whole province and all able-bodied youths above twenty were given some months of training. It is therefore anticipated that Kwangsi can easily raise an army of an enormous size to march to North China, if the Nanning movement proceeds smoothly. Here again the Japanese reports are mistaken, for they say that the Nanning movement means a South-west war proclamation against Chiang Kai-shek. Although General Pai Tsung-

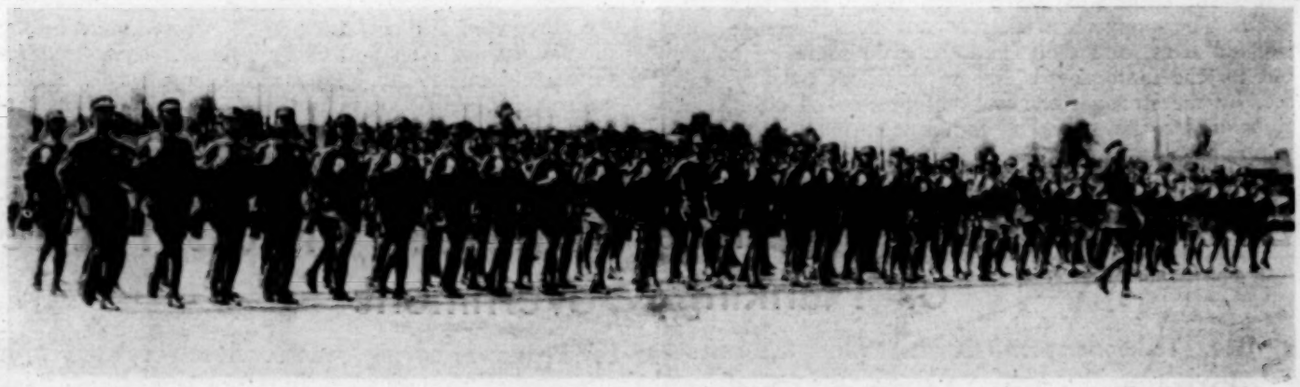
his is but the second-in-command in Kwangsi, his superior officer being General Li Tsung-yan, this young Kwangsi officer has seen long experience in civil war in China. It will be recalled that he is the man who captured Shanghai from the late Marshal Sun Chuen-fang in 1925, thus paving the path for Chiang Kai-shek's ultimate success and occupation of Nanking in the subsequent month.

For a long time General Pai Tsung-hsi has been clamoring for a stronger foreign policy to be adopted by the Nanking Government and also on more than one occasions he appealed to the Nanking Government for resistance against the invader. His appointment in Kwangsi as leader of the five South-west provinces' anti-Japanese troops, therefore, receives unanimous support. According to Kwangsi dispatches the provinces which will contribute troops for this movement will be Hunan, Szechuen and Yunnan. The official declaration of Kwangsi general mobilization is expected in one or two days and most probably it will have appeared in all newspapers before this article appears in *The Review*.

led personally by General Pai Tsung-hsi. The latter who fought his way through half the length of China in 1925 and won all his battles is most confident of great support pouring from all parts of the country, once the campaign gets under way. Some training divisions of Canton will be reorganized into the Fourth Army in addition to Canton's present First, Second and Third Armies. From Kiangsi and Kweichow certain Kwangsi and Kwangtung troops, sent there to assist in the bandit suppression, will be recalled.

Another aspect of the South-west situation which is being closely watched by the Canton officials is the possible uprising of the pro-Japanese autonomists in the Fukien area. In this connection the Fukien situation is adequately covered by another able Cantonese officer in General Chang Fah-kwei, a man who administered Canton's armies for a few months in 1927, during the Ironside troop coup in Kwangtung.

Politically the Canton government is also seeking more sympathisers to her present movement. It is known that the Southwest Political Council, the highest



Kwangtung troops, part of the infantry forces of Gen. Chen Chi-tang's army undergoing intensive training preparatory to the "Northern drive against Japanese aggression."

From Kwangtung and Kwangsi the national salvation army, the worthy successor of the one famous Nineteenth Route Army, will concentrate at Hengchow, a most convenient point in southern Hunan near the Kwangtung-Hunan border.

Southwest public opinions confidently expect that this national salvation army will not be obstructed by the troops of Chiang Kai-shek in Hunan, when these Kwangsiites find their way to North China. Troop transportation may also be greatly facilitated by the newly finished Canton-Hankow Railway, which passes through northern Kwangtung to Hunan and finally Hankow in Hupeh. From Hankow, if facilities are given by the Central Government representatives in Hankow, these Canton troops can proceed northward by the Peiping-Hankow Railway.

Kwangtung Participation

The strong man in Canton, General Chen Chi-tang, being the colleague of General Pai Tsung-hsi on the Southwest Political Council, undoubtedly is the backbone of the same movement. It is stated that Canton will be represented in this campaign, the biggest military movement in South China since 1925, when Chiang Kai-shek led his Whampoa Military College cadets to Shanghai and Nanking, by the Second Army. This Army is the present garrison of East River and Swatow, the scene of considerable Sino-Japanese friction of recent dates. Commander of the Second Kwangtung Army is General Chang Tat, a man who has served for many years in the Kwangtung armies. In addition to this it is known that the Southwest Government will order the enlistment of some eighteen new regiments in districts of Kwangtung. Each regiment has 1,500 men. After a few weeks' training these regiments will be dispatched to follow up the vanguards, which will be

authority in Kwangtung and Kwangsi, has invited Tang Shao-yi, veteran Kuomintang diplomat and former Prime Minister of Peking, and Wang Chung-hui, former President of the Nanking Judicial Yuan, and Judge of the International Court of Justice, to become members of this Council. As this article is being prepared Tang Shao-yi is on his way to Canton from Hongkong, while Wang Chung-hui is on his way south from Shanghai.

Kwangsi-Nanking Relations

In view of the heavy propaganda from foreign sources predicting a war between Nanking and the South, it is not out of place here to review the recent strained relations between Nanking and Kwangsi. For some years past Kwangsi derived a large portion of her annual revenue from taxes on opium transport through her territory. It is stated that for over a quarter of a century the province of Kwangsi has provided an outlet for the opium raised in the two neighboring provinces of Kweichow and Yunnan, by permitting the semi-raw drugs to pass through its territory and out to the markets of the world through Canton. During recent years the Government has established a powerful monopoly throughout the province, especially on the rivers and highways along which opium is generally shipped. The profits thereform have figured largely in the many public improvements in Kwangsi, for instance, the building of the many miles of highways. Without this valuable aid from the drug transport, it is doubtful if the provincial authorities could have carried through their reconstructions, which won for Kwangsi the prized title of "Model Province of China."

Despite this so-called "prevention of opium" when the "black gold" has literally flowed along the rivers towards the sea under heavy military guard, it has been

illegal to grow opium. But recently this revenue from opium was reduced to an alarming state because since Chiang Kai-shek's troops gained complete control of Yunnan and Kweichow after their anti-Communist campaign success, the raw opium grown in these two neighboring provinces of Kwangsi has been directly shipped to Hankow, whence the cargo exported to the outside world, without benefiting Kwangsi. That this loss of revenue to Kwangsi has caused much ill-feeling can only be expected.

But against this unfavorable development the Kwangsi authorities have permitted the growing of poppy in their own territory now. A recent visitor to is the Kwangsi interior described that the country was bedecked with the multi-colored poppy in full bloom in places west of Nanning extending a considerable long way to Yunnan and Kweichow borders. In some sections of the country eight-tenths of the land under cultivation has been given over to the raising of poppy. Land, which at one time was used for the growing of rice, corn and wheat has been given to the cultivation of opium, while but small corners of some fields are raising food for man. The poppy growing is not being confined to isolated areas, or far off from the main routes of travel, but by the motor roads, where travellers pass by, and see, by the strong stone walls of prefectural cities, and right under the noses of the district magistrates, the poppy blooms its prettiest, while in the market towns throughout the country tapping knives, juice scrapers and utensils for cooking opium are now being publicly exhibited for sale. Whether this evil is officially encouraged the writer is not in a position to confirm, but the loss of revenue to Nanning is so terrific that it is reported that the Government lost something like over a $1,000,000 last year from this item alone.

Excitement in Canton City

In Canton news of the organzation of this national salvation army has been received with the greatest excitement, although the authorities are exercising a rigid censorship over all publications of alarming reports. It is feared that the Japanese may seize the opportunity offered and give a wrong interpretation of the situation.

It has been promulgated that Cantonese troops taking part in the campaign will converge in southern Hunan. The First Kwangtung Army under General Miao Pei-nam will be summoned to return from southern Kiangsi for northern Kwangtung and East River region. To enable more young officers participating in the war, graduation of officers in the final year at the Government Military Academy will be held one month earlier than the time fixed for the ceremony. All members of the families of the First and Second Armies have been recalled to Canton City. Hundreds of coolies have been enlisted for Shiukwan in northern Kwangtung for services to transport equipment to southern Hunan.

Canton, June 6, 1936.

Leith-Ross and Japanese Militarists Discuss Future of Nanking Government

SIR Frederick Leith-Ross, Chief Economic Adviser to the British Government, who has been making a financial and economic investigation of the Far East, but particularly of China, during the past nine months, proceeded to Japan last week and is being received there in a considerably more friendly spirit than was the case at the time of his arrival last year. Sir Frederick arrived in Tokyo June 8 from Hakone Hot Springs and almost immediately went into a two-hour conference with Major-General Isogai, Director of the Military Affairs Bureau of the War Office in Tokyo and formerly Military Attache to the Japanese Embassy in China. Sir Frederick expressed the opinion that the Nanking Governmen should be regarded as the most complete and most influential political institution in China. For this reason, he said, financial support for the Nanking Government for economic rehabilitation and assistance in building up a good national administration would contribute greatly to the stabilization of the Chinese situation and pave the way to maintenance of peace and order in the Far East. He could not understand, Sir Frederick continued, Japan's unfavorable attitude towards the Nanking Government in connection with its plans for financial renovation. Expressing his personal opinion, Major-General Isogai is reported to have declared that Japan desired to help China in economic rehabiliation, but was forced to refrain at the present time as a result of her bitter experience in the past. Japan, he is quoted by *Reuter* as saying, was so closely related with China that she was not in a position to consider any economic support for the Nanking Government which did not render also political cordiality. Britain, on the other hand, was able to carry out her policy in China on a purely economic basis.

On the following day Sir Frederick had another two-hour interview, this time with Hachiro Arita, Japanese Minister of Foreign Affairs. The meeting, which was attended by Sir Robert Clive, British Ambassador to Japan, and Kensuke Horinouchi, Japanese Vice-Minister for Foreign Affairs, was held at the Foreign Office. The British representatives urged Anglo-Japanese co-operation in China on the basis of economic interests, while the Japanese officials laid emphasis on the political importance of Japan's relations with China. After Mr. Arita had stated that this interview on the eve of Sir Frederick's return to England, after completing his investigations in China, would be most appropriate as a means to promote better understanding between Japan and Great Britain, Sir Frederick expressed regret that the purpose of his mission to China "appeared to have been misunderstood in Japan." "My activities in China," the British expert is quoted as saying, "were not solely to promote British interests but made in the belief that an increase in the purchasing power of the people by bringing about China's economic recovery, would benefit Japan, the United States and other countries economically interested in

China." *Domei's* account of the conference stated that Mr. Arita disagreed with Sir Frederick in the latter's confidence regarding the future of China's managed currency—this in reference to an opinion expressed by the British expert that China would be able to maintain the present system without outside aid. The conversation then turned to the question of giving economic assistance to China. Mr. Arita expressed the opinion that it was a matter that required serious study as it was "closely linked to the state of political stability," in the country. Mr. Arita stressed that it would be necessary to make extensive enquiries as to whether or not foreign investments in Chinese railways are economically secure. Questioned by Sir Frederick regarding the Central Bank of China, Mr. Arita stated the he agreed with the principles of the establishment of the institution. Mr. Arita remarked incidentally that financial assistance to China would have to be preceded by internal and external political stability, especially with regard to Japan. *Domei's* account of the Leith Ross-Arita conversation stated that Sir Frederick had assured the Japanese officer that his visit to Japan and a stay of nine months in China enabled him to see Japan's position in East Asia and the actual conditions in China in a new light. Isogai referred to the past "bitter experiences" of Japan in giving financial assistance to China, which ultimately assumed political significance. Japan, Isogai reportedly told Sir Frederick, is not in a position to give financial aid to the Central Government unconditionally, unless and until a political understanding is reached between Japan and China, whereby the Nanking Government would give a pledge to contribute to the stability of East Asia in conjunction with Japan. Isogai is reported to have said also that Japan is ready to give all possible assistance to China when the Nanking Government changes its past attitude and enters into political co-operation with Japan.

The British visitor was the guest of the Japan Economic Federation at a dinner the same evening preceded by an informal exchange of views on Chinese problems. Manzo Kushida, managing director of the Mitsubishi Goshi Kaisha, voiced Japan's interest in the economic prosperity and political stability of China, incidentally stating that while Britain was primarily interested in the economic aspects of the situation, Japan's welfare and national existence have a vital relation to the maintenance of order in China. Urging Anglo-Japanese co-operation in China's economic recovery, Mr. Kushida emphasized that things benefitting China would be advantageous to both Japan and Great Britain. Sir Frederick in reply said that his sole task was to secure China's economic stability, which, in his opinion, would benefit Japan, adding that his task would be understood in the future, when China achieves stability. He also expressed a hope for co-operation between Japan and Great Britain in the development of China.

Sir Frederick departed from Shanghai on his visit to Japan May 31 and it is understood he will return here next week. Messages from Japan before his arrival stressed the point that he would receive a warm welcome by the Japanese officials—this being in sharp contrast to the acrid criticisms by the Japanese press made while he was on his way out from England and also after he had arrived here last year. Sir Frederick it will be remembered, stopped over in Japan on a brief visit, arriving here Sept. 21 last. The arrival of Sir Frederick here was the occasion for numerous Japanese outbursts. The Japanese press almost unanimously made it clear that if there was to be any British help to China in a monetary sense Japan would have to be consulted. The *Tokyo Kokumin* commented that if the British wish to secure Japan's co-operation they must first recognize Japan's special position; they must first frankly ackowledge that Japan is the sole stabilizing influence in the Far East and that without her understanding and co-operation it will be impossible for the British to do anything in the Far East—and more in a similar vein, not only in the *Kokumin*, but in other prominent Japanese newspapers. The *Shanghai Nippo* at the time in editorials stressed that the fundamental idea of Sir Frederick's visit was Britain's desire to bolster up her declining position in the Far East. This paper stressed that Britain would not only have to co-operate with Japan in the Far East, but on more broad outlines, and unless this was remedied the arrival of Sir Frederick Leith Ross could not help China in any way. Later when Sir Frederick proceeded to North China, the Japanese military authorities practically ordered him away.

Following the announcement by the National Government, early in November last, nationalizing silver, the Japanese outbursts became particularly violent as they held Sir Frederick responsible for the carrying out of the plan—which the Japanese have always bitterly opposed, and incidentally have done everything they can to make fail. At that time rumors that theBritish had extended a huge loan to China particularly exasperated the Japanese. Major-General Isogai at the time said that China had virtually "sought her own failure by carrying out the currency reform without the understanding of the Powers, especially Japan; such a currency reform as has been effected served only to benefit a section of the Chinese Government leaders and deepen the impoverishment of the general masses; a British loan to China would place China in a position of subordination to America and Europe." Major-General Isogai was also quoted as having said that so long as the European and American faction headed by T. V. Soong, "which does not know the condition of China itself," is in control of China's finance,

the prosperity of the Chinese masses could not be hoped for.

It may be mentioned in this connection that the Tokyo *Nichi Nichi* in discussing the menace of the Soviet Navy May 28 stated that the matter of the Anglo-Soviet pact was arousing attention in Japan and it was possible that Britain was coming to an understanding with the Soviets for the "construction of a navy sufficient to cause menace to Japan." Therefore, as even in the time of the Russo-Japanese war the Russian navy gave great concern to Japan, it was to be hoped that Japan would be cautious and leave no stone unturned for effective diplomacy with Britain.

In a review of the Far Eastern political situation by A. Kam in the *China Press* June 8, the writer traced the change in British foreign policy in East China since 1931 and expressed the opinion that China was in danger should a conflict break out in Europe, as the assurances of Japan were empty gestures. Britain, said the writer, realized how her interests in China were threatened by Japan, and that was the principal reason actuating the British Foreign Office in sending Leith-Ross out here to make an investigation.

The Price of Peace With Japan Is Too Great

BY C. Y. HSIEH (謝志秄)

WHEN the relations between two individuals have reached a situation in which friendship is grossly abused by one party not only to exploit but to endanger the very existence of the other party, justice demands that the latter call a halt to the mockery. He must be either a saint or a weakling who thus aggrieved, would still offer the hand of conciliation to the aggressive party provided due restitution be made to him. But if, in consequence of such a conciliatory gesture, he is slapped in the face, not once but many times over, it is certainly time that he should come to the supreme decision to vindicate himself, or forfeit his manhood completely.

Nations, it is true, unlike individuals, do not have faces to be bothered with and even if, by a stretch of the imagination, they be conceded to have faces, these may possess more cheeks than the proverbial two. But like individuals, there will be a time when they must put a stop to wrongs and abuses by aggressive neighbors even if that means war, and with it great sacrifices and possibly national extinction. For the alternative would be supine submission which is equally, if not more, disastrous.

Such a time of supreme decision, of fateful choice is now before the Chinese nation. Whether we like it or not, Sino-Japanese relations have come to a pass where there is nothing, short of abject surrender, China can do to accommodate Japan. And despite our traditional love of peace, China should not mistake submission for pacifism.

Among Chinese pacifists today three types of mentality are discernible—the idealist, the fatalist and the opportunist. In the first I see the attitude of those who want peace at all cost. They are opposed to any and all wars, waged over whatever issue and between whichever parties. They have a horror of war which is easier to understand than to justify—a horror which to China, as to any nation struggling for independent and full statehood, must be considered an unwholesome luxury. Fortunately this type of mental make-up is not prevalent enough to be regarded as representative.

There is another group of pacifists who desire peace with Japan not for peace's sake, but because to them there is no other way out. While they deem it futile for China to struggle against Japan, they entertain the illusion that something might somehow turn up somewhere to preserve China's destiny intact. It may be a Soviet-Japanese war, or the restoration of concert among the Powers to keep the Far Eastern equilibrium, or the ascendancy of "liberals" over militarists in Japan. But whatever it is, it will not be of China's doing, and she has to put up with Japan as best she can. It is for these reasons that I call this attitude fatalistic. Like the idealistic attitude, it has too small a following to be taken as typical.

The third—and far more representative—type of mentality admits that there can be no peace between China and Japan so long as the latter sticks to her Continental policy of expansion, but cautions that since China is not strong enough to oppose Japan she should keep peace until such time as she is ready and prepared. In other words it would be highly inopportune now for China to start resisting Japan. The opportune thing for China to do is to intensify her efforts at economic reconstruction, develop her resources and build up her national strength for eventual struggle.

These arguments, as far as they go, are all sound, and it is by no accident that they have been subscribed to by a large section of public opinion in China. But it must be plain that they are based on a premise which is non-existent, and that is Japan's sense of fair play. The fact is that Japan has never given, and will never give, China a chance. The last thing she desires is to see China develop into modern statehood. While China builds an inch, Japan must needs undo a foot. And it is no secret that Japan's national creed, which has been whipped into the mind of every Japanese by jingoistic propaganda, envisages a great imperial future—if not world hegemony—built on the ruins of republican China. This incompatibility of national interests, which is solely of Japan's own contriving, China must face stoically, fate having ordained a geographical propinquity which should have engendered harmony, but has not. And the sooner China ceases to shirk the issue, the better for herself and the world at large.

If reason has revealed the untenableness of our pacific policy in the past, the trend of recent events will preclude its continuance in the future. Japan, through her military and diplomatic agents, has recently given China the choice of submission or war and has supplemented her threats with political, economic, financial and military measures which are not only unfriendly or hostile, but downright predatory.

Take, for instance, the recent reinforcements of Japanese garrison in North China. Were they really called for? And did they not signify ulterior motives and foreshadow further aggressions on Chinese soil? I wonder, whether an honest Japanese—if there is one—could answer the first question in the affirmative and the second in the negative.

Not content with sending more troops and arms to China to shed more Chinese blood in case of necessity, Japan, who has arrogated to herself the right of "freeing the miserable Chinese population," has started systematically to drain the life blood of that same population by officially abetting smuggling activities in North China on an unprecedented scale. Such a step was meant of course to cow China into submission—into acceptance of the so-called Japan-"Manchukuo"-North China economic

bloc. By the very unscrupulous nature of the means, however, it could not but defeat its own end.

These—the strengthening of the North China garrison above peace-time standing and smuggling—are but two of the latest instances of Japan's unethical, shameless, though none the less deadly, conduct toward China—a line of conduct which may be likened to that of a robber who, having despoiled a neighbor, seeks to ease his guilty conscience by ending the poor neighbor's life altogether.

The question now is how the doomed man will react to his danger. Will he plead with his heartless despoiler, knowing full well that every conciliatory gesture would be taken as a sign of weakness and an invitation to murder? Or will he in desperation muster enough courage to resist the attacks of his mortal enemy? In the former case disaster is certain, and an ignominious one at that. But in the latter case while disaster is not ruled out, neither is the possibility of a glorious salvation.

What, then, will China choose? The same policy of pleading and surrendering and surrendering and pleading which has been followed since September 18, 1931, and more especially since the conclusion of the Tangku Truce? That policy has caused China to lose more territory and sovereign rights. And the loss is most disheartening because it is rather through voluntary giving up than through forcible seizure. Japan's ascendancy in Inner Mongolia and North China is the case in point.

While China's territory has shrunk, her national spirit has become demoralized. Old values crumbled, stalwart virtues were in the wane; a premium, it seems, has been put on treachery and disloyalty. To use an analogy, what "patience" has done to our family system to bring about abject dependence and complete loss of individual initiative, our policy of putting up with Japan to any length is fast doing to our national life. It is this more than material losses which will sap the vitality of the nation. And it is due to this that unscrupulous elements have vied with one another in betraying their country, and that Canton, the mother of revolution, should be thirsting after the blood of its own offspring. These anomalies have occurred simply because of the breakdown of what may be called national self-respect.

Since China shook off the yoke of the Manchus, she has conceived it her destiny to become a thoroughly modern state living at peace with other countries. But as there is a price to everything, she will have to pay for modern statehood, however costly it may be. It may be recalled that the formation of modern France, Italy and Germany was heralded in each case with sword and fire—an ordeal cruel to be sure, but nevertheless unavoidable. Such is the lesson of history!

Yet let not my readers be alarmed. While I advocate the end of pacific policy toward Japan, I do not demand an offensive war against her. I do, however, insist on resistance—continuous and dauntless resistance against any further Japanese encroachment. It is my firm belief that the best way to stop aggression is to make the aggressor pay dearly.

Southwest Organizes Anti-Japanese Army With Nanking as Objective; Nanking to Convene C.E.C. Plenary Session

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Four Kwangsi Divisions Start March Northward and Occupy Hunan Cities.**
2. **Southwest Military Leaders Voice Determination to Fight Japanese.**
3. **Rank and File of Liang-Kwang Provinces Support Anti-Japanese Move.**
4. **Southwest to Organize Anti-Japanese National Salvation Government in Canton.**
5. **Consul Kawai Warns General Chen Chi-tang Against Undue Anti-Japanese Excitement.**
6. **General Chiang Urges United Action and Appeals to Southwest for Peace.**
7. **Central Government to Summon 2nd Plenary Session of C.E.C. in Nanking July 10.**
8. **Self-Preservation and Co-existence, Keynote of China's Policy, Says Chang Chun.**

The last week-end and the early part of this week witnessed grave developments in South China, as the military leaders of Kwangtung and Kwangsi have organized an Anti-Japanese Expeditionary Army with Gen. Pai Chung-hsi as Commander-in-Chief. The Army is scheduled to start for North China after June 15, on which day an oath-taking ceremony will be taken at Canton and Nanning respectively. At the same time, there are persistent reports that the aim of the projected expedition is really against Nanking, anti-Japonism being used only as a pretext, and that a major civil strife is impending. While the possibility of another civil war is being scouted by both Nanking and Canton, indications point to the increasing danger of an internal conflict, as the Kwangsi troops have already entered Hunan and are continuing their march northward. So far no clash has occurred between the Southern troops and the Central Government troops, as the latter have been ordered to be withdrawn in face of the advance of the Kwangsi units.

General Chiang Kai-shek, Chairman of the Military Affairs Commission and President of the Executive Yuan, made an important speech at Nanking June 8, in the course of which he vigorously denied the rumors of an impending civil war and assured that the Central Government will follow its fixed policy to lead the Chinese people in safeguarding the existence of the nation. He said that the question of peace or war should be decided only by the entire body of the C. E. C., not by one or two individuals. For this reason, the Central Authorities has decided to summon the 2nd Plenary Session of the C. E. C. on July 10 to discuss the question. On June 7, General Chiang also dispatched a lengthy telegram to General Chen Chi-tang of Kwangtung, strongly advising against independent and separate action in dealing with the national crisis and appealing to him and his associates, Generals Li Chung-jen and Pai Chung-hsi, to abandon military preparations.

The China Times, local Chinese daily, in an editorial June 9 denied that the Central Government had presented any demands to the Southwest, which, it is alleged, had forced the Kwangtung and Kwangsi military leaders to organize an anti-government movement. The editorial pointed out that the Japanese were really behind the present military movements in South China. The article asserted that the very persons who had been planning and scheming in the reported anti-Japanese movement in the Kwangsi army were no other persons than the Japanese advisors and that the Kwangsi Army had recently obtained a huge supply of arms and ammunitions estimated to be worth $20,000,000 from the Japanese arsenal in Mukden.

The following are the high lights of the situation during the week:

FOUR KWANGSI DIVISIONS START MARCH NORTHWARD AND OCCUPY HUNAN CITIES

Four divisions of Kwangsi troops are concentrating at Kiyang, 40 miles inside Hunan and 25 miles beyond Yungchowfu, the point where the Kwangsi vanguard was last reported, according to *Reuter* June 9. The divisions are the 15th, 42nd, 43rd and 44th. The 15th Division under the command of General Hsia Wei, will, it is stated, bear the first shock of battle if Central Government forces impede the progress of its "anti-Japanese" expedition. The other three divisions will be held in readiness to move rapidly, to General Hsia Wei's assistance should a clash occur.

Central News reported June 9 that three divisions under Gen. Hsia Wei, commander of the 15th Kwangsi army, and the vanguards of Gen. Chang Ta's 2nd Kwangtung army have reached Yungchow and Chinchow, about 125 kilometres from Hengchow. Gen. Chiang Kai-shek has ordered the Government troops stationed in these two towns to retreat in order to avoid a clash. Regular troops of the 2nd, 4th, 5th, and 6th divisions under Gen. Chang Ta are continuing to push forward from their positions.

KWANGTUNG AND KWANGSI LEADERS VOICE DETERMINATION TO FIGHT JAPANESE

The determination of the Southwest to send an expedition to North China even if the Central Government refused to co-operate, was affirmed June 8 by General Li Chung-jen, while presiding at the weekly memorial service in Canton. The speech made by the Kwangsi chief was violently anti-Japanese, and he urged the military authorities throughout the country to "shed their blood for the cause of anti-Japanese national salvation." The time had come, he declared, for the supreme sacrifice, and the Southwest could

not tolerate obstacles placed by a few in the way of national salvation through armed resistance.

Chinese reports from Canton state that the authorities there have decided to carry out anti-Japanese propaganda on a large scale. Slogans such as these will be circulated throughout South-west China :—

"Expand the Anti-Japanese National Salvation Movement."
"The Japanese are Our Eternal Enemies."
"Down with Submissive Diplomacy."
"Down with Japanese Imperialism."
"Down with All Opponents of the Anti-Japanese Movement."
"Down with All Sino-Japanese Treaties Signed Under Duress."

Meanwhile, the Kwangsi Army headquarters has issued a proclamation ordering mobilization of the Kwangsi forces. The proclamation emphasizes the following four points :—

1. The Kwangsi authorities shall immediately sever all relations with the Japanese and nullify all "humiliating" Sino-Japanese agreements.

2. Anti-Japanese resistance shall be the only object of the projected northern expedition. The Kwangsi authorities are opposed to civil war, as that would mean Chinese troops fighting their own countrymen.

3. The proclamation extends a welcome to all armed forces, regardless of party affiliations, who are willing to participate in the anti-Japanese movement.

4. The northern expedition shall refrain from attacking private individuals or towns en route to the "front," but shall strenuously fight traitors who endeavor to impede its progress northward.

General Pai Chung-hsi, Commander-in-Chief of the Southwest anti-Japanese expedition and second-in-command of the Kwangsi forces, on June 7 reviewed 30,000 Kwangsi troops massed near the Hunan border. General Pai in a stirring address to the troops stressed China's sufferings and humiliation, and called on every man present "to lay down his life if necessary to relieve the country of the intolerable burden of a foreign yoke."

General Chen Chi-tang, Commander-in-Chief of the Kwangtung Army, in an exclusive interview with *Reuter* June 9, declared :—

"Japanese aggression, more than ever, the Chinese people can no longer tolerate. We, therefore, are following the precedent of the 19th Route Army and the Northwest Army, and have petitioned the Government to order us to resist for self-defense."

"My opinion on the Sino-Japanese question coincides exactly with that expressed in the circular telegram issued by the Southwest Executive Committee of the Kuomintang and the Southwest Political Council on June 2," declared General Chen Chi-tang in an interview with *Reuter* at Canton June 6. The telegram urged the immediate launching of a war of resistance against Japan, and asked the Central Government to lead the fight against the "invaders" "I shall," General Chen continued, "abide by the will of the people who now ask for armed resistance against Japan. I will do all within my power to fulfill their expectation. My officers and those of the 4th Group Army (the Kwangsi forces) have issued a proclamation urging war against Japan."

With the issue of stand-by orders to the navy at 2 p.m. June 9, the mobilization of all Southwestern land, air and sea forces has been completed, according to *Domei*. Gen. Chen Chi-tang directed air detachments to prepare for action at noon. Prior to the issue of this order, Gen. Huang Kuang-jui, commander of the Cantonese air corps, discussed territorial assignments. The First and Third Squardons will support Gen. Chang Ta, now marching into Hunan, and the First Army at Kangnan in southern Kiangsi, it is understood. The Fifth and the Sixth Squadrons will be detailed to Swatow to protect the eastern borders of the province, while the Fourth Squadron will defend Canton.

Fortifications in Swatow and five other points along Kwangtung's coastal line were placed on a war basis in an order issued June 8 by Gen. Chen Chi-tang, according to *Domei*. The other towns affected by the order included Humen, Chaochow, Haifeng, Lufeng and Haikou, in each of which the garrison was strengthened. Bluejackets have been moved to Humen, at the entrance to Canton, since June 7, in what was generally interpreted here as a precaution against possible attacks from the sea. In an announcement issued June 9 the Southwestern authorities claimed that their plans for the dispatch of an anti-Japanese expedition north and its proposals for national salvation have been given support by military leaders in Hunan, Yunnan and portions of Hopei.

General Kung Hsien-yung, Commander-in-Chief of the former Northeast Volunteers, who recently arrived at Canton to attend the funeral of Hu Han-min, issued a declaration June 6 expressing his willingness to lead Southwest forces in an anti-Japanese expedition.

An official decree issued at Canton June 6 ordered all schools and universities to close for the semester before June 14, giving students a holiday three weeks in advance. The Kwangtung Provincial Government is issuing $10,000,000 air defense bonds on June 20, it was announced the same day.

Fifteen Nanking warships under the command of Admiral Wang Shou-ting have arrived at Amoy in the course of a "normal summer crusie." While it is stated that no unusual significance attaches to their presence in southern waters speculation centres on their probable future movements in view of the crisis in South China. Meanwhile, a number of individuals described as "agents" from Szechwan, Yunnan, Fukien, Kweichow and Hunan have arrived in Canton and conferred with General Chen Chi-tang, according to the Canton correspondent of the *South China Morning Post*. General Chen, adds the correspondent, explained to them the attitude of the Southwest towards Nanking and Japan, urging them to send messages to their principals suggesting neutrality or active support for the armies of Kwangtung and Kwangsi. Despite these manuevres, however, well-informed observers believe that the ruling officials of most, if not all, of the provinces concerned are strongly in favor of Nanking and are unlikely to swerve from their allengance in any circumstance.

ANTI-JAPANESE EXPEDITIONARY ARMY STARTING FOR NORTH AFTER JUNE 15

An oath-taking ceremony will be held simultaneously in Canton and Nanning on June 15 by the South-west anti-Japanese expedition, following which the troops will start immediately for the North under the direct command of General Pai Chung-hsi. Generals Liao Tao and Chang Ta have been named Vice-Commanders of the expedition. On the conclusion of the oath-taking ceremony, a grand review of the Army, Navy and Air Force will be held, after which the South-west forces will start their advance. While admitting the movements of the Kwangsi troops along the Kwangsi-Hunan border, General Li Chung-jen said that the troops were merely taking up positions prior to marching north against the Japanese.

Prominence was given by the Canton press on June 7 to reports that the Japanese Government had lodged a vigorous protest with the Nanking authorities against the anti-Japanese movement in the South-west. It is considered possible that Japan may very soon despatch warships to Canton to "protect Japanese nationals."

KWANGTUNG AND KWANGSI ARMIES RE-DESIGNATED AS ANTI-JAPANESE ARMY

The Kwangtung Army will henceforth be known as the 1st Army and the Kwangsi Army as the 4th Group Army of the "Anti-Japanese National Salvation Forces," according to an order issued June 5 by the Southwest Political Council. The order was published in reply to the appeal in which 60 Kwangtung and Kwangsi military chiefs asked for new designations of their commands and for marching orders against the Japanese. The leadership of the two armies remains unchanged. Gen. Chen Chi-tang remains commander-in-chief of the Kwangtung forces, and Gen. Li Tsung-jen commander-in-chief of the Kwangsi troops, with Gen. Pai Chung-hsi as his second-in-command and Commander-in-Chief of the Anti-Japanese Forces.

RANK AND FILE OF TWO KWANG PROVINCES SUPPORT ANTI-JAPANESE MOVE

Sixty Kwangtung and Kwangsi Army commanders, headed by General Chen Chi-tang and General Li Chung-jen issued a circular telegram June 4 supporting the recent manifesto in which the Southwest Executive Committee and the Southwest Political Council urged the Central Government to launch a war of resistance against Japan. The commanders express their complete readiness to place their armies at the disposal of the Southwest Political Council—the highest administrative body in the South-west. They ask the Council to give new designations to their various commands and immediately to issue orders to the troops to march northward to resist the "invaders." The commanders also call on their fellow military men in other parts of China to follow suit and present a common front against the "enemy."

The South-west is expected to have a fighting strength of 500,000 men and officers when the anti-Japanese expedition is actually launched, according to well-informed observers quoted by *Reuter* June 9. The strength of the regular forces in Kwangtung is at present estimated at 150,000, and that of the Kwangsi regulars 100,000. The Kwangsi authorities, however, are now enforcing a new conscription law which has turned half of the population into militia. General Chen Chi-tang has ordered that every infantry regiment be equipped with a machine-gun section.

A decision to enlist former members of the famous 19th Route Army into the Kwangtung Army in order to strengthen the South-west anti-Japanese expedition, was announced June 8 by the Military Headquarters. It is felt that the inclusion of these former troops will inspire the expedition with greater valor owing to the gallant stand of the 19th Route Army against the Japanese in Shanghai in 1932.

A national salvation big sword corps is being organized by students of the Sun Yat-sen University at Canton with a view to participating in the anti-Japanese expedition. Eight kinds of big swords are being made for the students, who are receiving training in their use from a noted Chinese "boxer," Fu Cheng-sung.

SOUTHWEST TO ORGANIZE ANTI-JAPANESE NATIONAL SALVATION GOVERNMENT

According to a decision reached at an emergency meeting of the Southwest Political Council, a new government by the name of the Anti-Japanese National Salvation Revolutionary Government will be established in the Southwestern provinces with General Chen Chi-tang as the chairman, reported *Shanghai Michi Nichi* June 7.

Following repeated persuasion by General Chen Chi-tang, General Mao Pei-nan, chief-of-staff of the Kwangtung Army, and

Admiral Chang Tse-ying, commander of the Kwangtung Navy, have both cancelled their resignations, reported *Shanghai Nichi Nichi* June 6. Both General Mao and Admiral Chang tendered their resignations June 5 in opposition to Canton declaration of war on Nanking.

KAWAI WARNS CHEN CHI-TANG AGAINST UNDUE ANTI-JAPANESE EXCITEMENT

Domei reported that Tatsuo Kawai, Japanese Consul-General at Canton, warned June 9 Gen. Chen Chi-tang against "unduly exciting popular bodies against Japan." An untoward incident involving Japanese at this time would have serious repercussions, Mr. Kawai told Gen. Chen in asking the latter to take adequate measures to prevent any complications. The Japanese official also informed the Kwangtung leader that the Tokyo government would maintain "a strict neutrality in the present dispute between the Southwest and the Central Government in keeping with its policy of not interfering in Chinese civil warfare." Mr. Kawai served a similar warning on Gen. Li Tsung-jen.

Japanese Embassy officials in Nanking denied June 8 reports that they had lodged a protest with the Nanking authorities against the anti-Japanese movements in the Southwest, reported *Domei*.

Although believing that Nanking and Canton would not immediately embark upon large-scale hostilities against each other, Japanese authorities are paying serious attention to the Chinese factional imbroglio, fearing its effect upon the Sino-Japanese relations.

"Anti-Japanese agitation in China is something chronic." This was the comment made by the spokesman for the Japanese Foreign Office June 5 on the manifesto issued by the South-West Political Council urging immediate war against Japan. Turning to the reported tension between Canton and Nanking, the spokesman said that the situation still appeared to be in the stage "where the battle is fought with circular telegrams."

GENERAL CHIANG URGES CONCERTED ACTION AND APPEALS TO SOUTHWEST FOR PEACE

An assurance that the Central Government will under all circumstances follow its concerted policy to lead the Chinese people in safeguarding the existence of the nation was made by General Chiang Kai-shek, in an important address at the weekly memorial meeting of the Central Party Headquarters June 8. General Chiang in his speech urged the people not to fall into the trap of the persistent rumours in circulation, but to take cognizance of the present situation which is confronting the nation, in order that by a firm and united stand they may help to overcome the national crisis to achieve national rejuvenation. The Generalissimo expressed the conviction that the authorities of Kwangtung and Kwangsi would not declare independence of the Central Government and that they would not pursue an independent foreign policy. He also believed that the Kwangtung and Kwangsi leaders would not seize the diplomatic policy of the Government as an alibi to start civil war. Referring to the diplomatic policy of the Government, General Chiang reiterated that questions of declaring war and negotiating peace must rest in the hands of the Central Government. Members of the Central Government, however, are now preparing to propose to the Standing Committee of the Central Executive Committee to convene a second plenary session to review and decide on the policy of the Government. The Generalissimo emphatically denied the rumour that the Central Government presented five demands to the South-west through its delegation while they were in Canton. Asserting that during the present national crisis, when national unity is the paramount concern to all, no divergent opinions can not be compromised and no questions cannot be openly and frankly discussed, General Chiang then took the recent sensational news reports disseminated by the Japanese *Domei News Agency* to task. General Chiang refused to believe the accusations which are levelled against them by the foreign press. He also refused to take seriously the report that the South-west have prepared to independently mobilize their forces. General Chiang made it clear that in deciding on the foreign policy of the Government, concerted action is necessary. Especially in the matter of declaring war and peace, which concerns the life and death of a nation, it must be decided upon by the Central Government. In other words, it cannot, and must not, be decided by several military leaders or by local authorities. Since the comrades of the Liangkwang provinces are citizens of China who have played significant parts in the history of the Kuomintang, he did not believe in the recent groundless rumours. Reminding the nation that the foreign, as well as domestic, policy of the Central Government during the past six months have strictly adhered to the principles laid down by the fifth Party Congress, the Generalissimo said that such delicate issues as to whether the present diplomacy has reached a stage where hopes for peace have been exhausted and where the country has to forsake peace, or what measures should be taken to cope with the situation cannot be decided by one or two persons; neither can they be decided by a minority according to their subjective views. The Central Government, according to General Chiang, is carefully considering the opinions expressed in the two telegrams of the Kwangtung and Kwangsi leaders received in Nanking thus far. In accordance with the organic law of the Kuomintang, the Central authorities are now preparing to propose to the C. E. C. Standing Committee to convene a second plenary session. At the coming session, General Chiang explained, C. E. C. members will be afforded a chance carefully to deliberate over the present situation confronting the nation, to study the political reforms instituted by the Government during the past half-year, and to decide on the future policy of the Government. Since the forthcoming session will be of such grave importance, General Chiang hoped that the Kwangtung and Kwangsi comrades would attend the meeting in full force.

A personal appeal to General Chen Chi-tang, Commander-in-Chief of the Kwangtung Army, to abandon military preparations, and urging the folly of independent action against aggression, is contained in a 1,000-word telegram despatched on June 7 to the South-west military chief by General Chiang Kai-shek, President of the Executive Yuan. "You cannot gamble the existence of a nation on a momentary impulse," declared the Generalissimo, who stressed that, while the determination of Kwangsi and Kwangtung to resist aggression had earned nationwide sympathy, national salvation must be achieved by concerted efforts of the entire people. Separate action, he stated, would immediately cause a loss of international prestige, increase the disrespect of China's enemies, disappoint her friends and impair the country's ultimate capacity of resistance. The Generalissimo's message was a reply to telegrams despatched to the Central Government by Kwangsi and Kwangtung on June 2 and 4, urging Nanking to declare war against Japan and threatening to fight alone if the Central authorities refused to co-operate. In his telegram, General Chiang requested General Chen to convey the gist of his message to General Li Chung-jen, Commander-in-Chief of the Kwangsi Army, and General Pai Chung-hsi, second-in-command of the Kwangsi forces.

Gen. Chiang Kai-shek has telegraphed to Gen. Pai Chung-hsi, inviting him to come to Nanking to discuss national affairs. General Huang Shao-hsiung, Chairman of Chekiang (a Kwangsi leader and former associate of General Pai) is reported to be coming to Canton in a short time.

Couched in sincere terms, an address made by Lin Sen, chairman of the National Government, at the Government weekly memorial service June 8 appealed to the whole nation to make a united stand. Mr. Lin urged all Kuomintang comrades, government leaders, and the entire people to sink all personal differences and to stand together under the banner of San Min Chu I with a sense of mutual trust, love and sincerity. He urged that the whole nation must unite together in order to overcome the present national crisis.

In a telegraphic appeal sent to the Southwest authorities June 9, Sun Fo, President of the Legislative Yuan, urged the latter not to take any rash action but to express their political views at the forthcoming second plenary session of the Fifth Central Executive Committee. Commenting on the present political situation, Mr. Sun said that it was still obscure as regards the motive behind the political scene. However, he declared that the policy of the Government can not be decided according to subjective views. If entirely based on subjectivity, he explained, the policy would only reflect one's desire to realize his personal ambitions. This would not only fail to do the nation any good, but would hasten national extinction.

CENTRAL AUTHORITIES TO CONVENE SECOND PLENARY SESSION OF C.E.C.

The Central Kuomintang Headquarters shortly convene the Second Plenary Session of the Fifth Central Executive and Supervisory Committees at Nanking, on July 10 according to *Central News*. The purpose of the plenary session will be to discuss what measures should be adopted to carry out the resolutions that were reached at the last Fifth National Kuomintang Congress in November last year. The Fifth C.E.C. and C.S.C., it may be remembered, were elected at the last National Party Congress and held their first plenary session last December.

At a meeting on June 6, the Southwest Political Council decided to grant Tsou Lu, C.E.C. member and Chancellor of the National Chungshan University, a 3-month leave and a sum of $50,000 as travelling expenses for his trip abroad. Mr. Tsou is now on his way to Europe.

The sudden departure of Tsou Lu for Europe after the death of Hu Han-min has aroused great attention of the general public. According to a close associate of Mr. Tsou, he wrote a very important letter to the Southwest military leaders, while he was leaving Hongkong. The letter reads: "Having a friendship of more than twenty years with you (Southwest military leaders), I have to warn you that some one among you are falling into the trap the policy of 'conquering China by the Chinese.' What can I do, but leave you, as my warnings are not heeded-" From these sentences of the letter, it is apparent that Mr. Tsou left Canton for the reason of certain connections existing between the Kwangtung and Kwangsi military leaders and a certain quarter.

Dr. Lo Wen-kan, former Foreign Minister in the Central Government, this morning was inducted into office June 8 as a member of the Southwest Political Council. Interviewed by *Reuter*, Dr. Lo declared that resistance was the only way to deal with invasive aggression.

Kan Chia-hou, Commissioner of Foreign Affairs for the Kwangtung and Kwangsi provinces, has lodged a strong protest with the French authorities in connection with the killing of a mnuber of Chinese by the French soldiers in Kwangchowkwan.

Dragon Eye Cave, a scenic spot on the suburbs of Canton, has been chosen as the site for the burial of Hu Han-min, according to Fu Ping-chang, a member of Nanking's delegation to Canton to pay respects to the late Party leader.

JAPANESE TO TAKE FORCIBLE ACTION IN NORTH CHINA

General Sung Cheh-yuan has definitely rejected the Japanese demand for the withdrawal of the 29th Route Army to south of Changchow-Shihchaichwang Railway, reported *Wusih Jen Pao*, June 3.

According to a *Hwalien* message from Kalgan, 6,000 Japanese are active in Inner Mongolia. On the pretext of an investigation connected with schools and hospitals, these Japanese are organizing the people for the promotion of an 'autonomous' movement. More than thirty Japanese advisers are stationed in the office of Prince Teh. With the presence of these advisers, Prince Teh finds himself unable to do anything independently.

According to a *Hwalien* report, two Japanese have been sent by the Director of the Japanese Special Service Department in Kalgan to bring 12 cases of riffes and 5 cases of munitions to Yungning as supplies for the bandits there. These two Japanese are also instructed to direct military operations among the bandits.

Domei reported June 9 that the Hopei and Chahar Political Council decided to pardon Pai Chen-wu, ring leader in the revoly of June 28, 1935. Mr. Pai, who headed a group of plain-clothes men who attempted to cause a disturbance within the city of Peiping in unison with the armed attack from the outside, has been hiding in Tientsin since the coup miscarried. An order for his arrest was issued at the time by the Nanking Government.

DETAILS OF JAPANESE POLICY TOWARD CHINA TO BE DECIDED BEFORE JUNE 15

New Japanese policy toward China was decided in the joint meeting of the Japanese Ministers of War, Navy and Foreign Affairs on June 5. However, details of the new policy will be decided only before June 15, after a series of conferences between Y. Suma, Japanese Consul-General in Nanking, S. Kawagoe, Japanese Ambassador to China and H. Arita, Japanese Foreign Minister.

SELF-PRESERVATION AND CO-EXISTENCE KEYNOTE OF CHINA'S POLICY, SAY CHANG CHUN

Accompanied by Chen Chieh, Administrative Vice-Minister of Foreign Affairs, and Dr. T. T. Li, Director of the Intelligence and Publicity Department of the Waichiaopu, General Chang Chun, Minister of Foreign Affairs, arrived at Shanghai by train from Nanking June 4. Interviewed by a representative of the *Central News Agency* regarding Sino-Japanese relations, the Foreign Minister stated that the present policy of the Chinese Government toward Japan had been clearly elucidated in his speech at the weekly Memorial service last Monday, May 25, "At present," he averred, "we should do our utmost towards the goal with self-confidence." Referring to the present smuggling situation and the increase of the Japanese garrison forces in North China, General Chang said that there has been no new development in Sino-Japanese negotiations over these issues.

At 5 p.m. June 4 General Chang was honored at a grand spring reception given by Mayor Wu Te-chen at the new Civic Center, Kiangwan. Over 500 prominent persons, including foreign diplomatic representatives, consular officials, civil and military officialswere present to meet the Foreign Minister, who was one-time mayor of this municipality.

China's national policy hinges chiefly upon a desire for self-preservation and co-existence, General Chang Chun, Minister of Foreign Affairs, stated before a large audience gathered at the annual dinner of the China Institute of International Relations in the night of June 6 at the Park Hotel. In a brilliant speech Gen. Chang also stressed the extreme delicacy with which international affairs must be handled today. Social disputes, he said, arise through lack of contact and the resultant misunderstanding, suspicion and antagonism. The affair was attended by numerous government officials, consular corps members, and prominent residents of Shanghai with Dr. H. H. Kung, Minister of Finance, acting as chairman of the function. Dr. Kung opened the function with appropriate remarks on the significance of the occasion. Dr. Y. S. Tsao then reviewed world affairs for the year. Minister Chang's talk was followed by a brief but pointed address from K. Wakasugi, Japanese Charge D'Affaires in China, in which Mr. Wakasugi stressed the bases of friendship between China and Japan and commented broadly on general international relations. Following Minister Chang's speech Julean Arnold, American Commercial Attache, spoke entertainingly on how intimately American life is bound up with Chinese products and Chinese trade. General Chang Chun gave his address in Chinese but it was rendered into English by M. L. Tuan, the Minister's Secretary. General Chang Chun's address reads in part as follows?

"In recent years, means of communication have been developed to a remarkable degree. The dream of the ancients to shorten distance, so that 10,000 li may be traversed as if one were walking from the gate to the chamber of a mansion has been completely realized. Consequently, international relations, whether cultural, political or economic, are daily becoming more complicated. The relations between nations, in respect to livelihood, have almost become interdependent.

"When a single hair is pulled, the whole body is affected." This is in apt description of the intricacy of international relations. Since international relations are daily becoming more complex, our need of understanding the international situation is also becoming daily more urgent. In recent years, the custom of studying international problems has become more prevalent. Educationally, courses in international relations are offered in the universities and middle schools.

"With regard to the press, the publications on diplomatic and international problems are becoming daily more numerous. For instance, 20 years and more ago, the daily newspapers in various districts often published no international news. Now, however, the daily newspapers everywhere are paying great attention to international news, whether political or economic. Though this is a good sign. a full understanding of complex international problems cannot be obtained unless men of talent are concentrated and organized for systematic study through division of labour. The China Institute was organized to fill such a need.

"The methods of studying international problems are well understood by the nohorable members of your Institute. However, besides studying international problems, the Institute also has the mission of 'popular diplomacy.' In order to fulfil this mission, attention should be devoted to international mutual understanding. For relations between States are similat to relations between individuals. We know that man is an emotional creature. In order to promote human friendship, it is necessary to harmonize the sentiments between individuals.

"Mankind has a noble and common objective, namely, international peace. For thousands of years, China has been a country righteousness and peace. Our national policy may be briefly stated as follows? Internally, we seek self-preservation; externally, we seek co-existence. The essential condition of co-existence is peace. To consummate this policy, the Government and the people must make concerted efforts. The relations between governments should be based on sincerity and cooperation, as well as mutual respect for each other's sovereign rights; while those between peoples should be governed by the rules of international comity. Only thus can international barriers be removed, misunderstanding dissipated, suspicion dissolved, and a firm foundation laid for peace among the nations."

It was significant that despite the international nature of the function that night, no Russian address was delivered. It was reported that the Russian Ambassador M. Bogomoloff was invited to attend the dinner and had promised to speak, but for some reasons, he withdrew at the last minute and went to Nanking allegedly to avoid attending the party.

CHINA'S CHIEF DESIRE IS CHANCE FOR PROGRESS AND DEVELOPMENT, SAYS HSU MO

What China wants, and asks for is nothing more than a chance for further progress and further development, declared Hsu Mo, Vice-Minister for Foreign Affairs, in a radio broadcast speech June 5 on the subject of "China today." After referring to the appalling desolation wrought by the Communists, Mr. Hsu briefly described the Government's determined campaign against them and the successful measures that had been taken to rehabilitate the former Red areas.

Chinese Leaders Sponsor Celebration of Chang Hsiao-ling's Birthday

Sponsored by a large group of Chinese leaders in all walks of life, the 60th birthday of Chang Hsiao-ling, noted Shanghai resident and industrialist, which will take place on June 22, promises to be one of the biggest social events in Shanghai. Prominent among those who are sponsoring the event are Generals Chiang Kai-shek, Tuan Chi-jui, Yen Hsi-shan, Chang Hsueh-liang, Ho Ying-ching, Li Tsung-jen, Chen Chi-tang and Sung Cheh-yuan, Drs. Tsai Yuan-pei, H. H. Kung, Wang Chung-hui, T. V. Soong and a host of other national figures. The local leaders are headed by Mayor Wu Te-chen, Yu Ya-ching, Yu Tso-ting, Tu Yueh-sen, Huang Ching-yung and Lin Kang-hou. Mr. Chang, who is to be the recipient of honors, is prominent in both social and business circles. In social service, he is a member of the French Municipal Council and a director of several schools and hospitals in Shanghai and Hangchow. In business, he is a director of the China Merchants' Steam Navigation Company, the Bond, Gold Bar and Cotton Exchanges, Bank of Communications, Chung Wai Bank, Mercantile Bank, Managing-Director of the Ling Kee Lumber Company, and has controlling interests in many other business establishments. At the request of Mr. Chang, the celebration will not take the form of lavish banquets and theatrical performances and the gifts to him will be converted into money to be contributed to the World's Chinese Students' Federation, which has for the past 30 years been helping Chinese students going abroad to pursue advanced studies. Dr. Chang Fa-yao, son of Mr. Chang, is responsible for the idea. In honor of the birthday occasion, a special book will also be published, containing articles by prominent leaders and scholars, and will be widely distributed to Mr. Chang's friends and relatives.

Britain May Abandon Malta—To India Via the Cape

WITH its interests in China menaced by the Japanese, with the Arabs carrying on a very determined general strike in Palestine, and with Egypt demanding a revision of existing Anglo-Egyptian relations, particularly as regards the stationing of British troops in Egypt, not to mention the threat from Italy in the Mediterranean, it is not surprising to hear that discussions are taking place in high places in England with a view to the possible transfer of the British naval base at Malta to Cyprus. Proponents of the transfer point to the fact that in case of war the Italians would be able to cut communication by way of the Suez Canal by means of their exceedingly efficient bombing planes, reinforced with up-to-date submarines and speedy surface boats. One of the results of the situation is that discussions are about to take place between Britain and the Union of South Africa regarding the strengthening of defenses in Africa, the idea being to keep up communication with India by way of the Cape of Good Hope, in the same way as had been done in centuries past before the Suez Canal was opened.

Britain's Increasing Difficulties as Viewed in Moscow

An article in Moscow *Izvestia* May 29 entitled "The Creeping Crisis" dealt in detail with England's increasing political difficulties. "Never before have the masses of the British people watched the course of foreign political relations with such passionate attention, such deep mistrust and such irreconcilable hatred for annexationist military folly. All of this has caused unheard of disagreement and division in the very top governmental circles, and is increasingly rocking the government's prestige," *Izvestia* commented.

General Von Seeckt Makes Startling Statement in London

A sensation was caused an London, June 9, by a statement made at the opening session of the Imperial War Tombs Congress by the German delegate, Gen. Hans von Seeckt, founder of the Reichswehr and former military advisor to the Nanking Government, who declared in no uncertain terms that ex-combattants, some day, would be called to fight each other, but that, in the meantime, they should be bound by a feeling of mutual esteem.

"Pravda" Analyzes German "Plan for Peace"

In an article entitled "The German Plan for Peace," Moscow *Pravda* pointed out that the central idea of the "plan for peace" of the Fascists is to beat their adversaries one by one.

"This idea represents the guiding force of all foreign political maneuvers of German Fascism. In order to insure for itself freedom of movement and to find a more favorable direction for its plunderous policy, German imperialism is attempting to disunite the forces of the adherents of collective security."

Argentina Asks Prompt Action Against Italy

Argentina, which is strongly opposed to recognition of Italy's annexation of Ethiopia, has requested the convocation of an extraordinary meeting of the Assembly of the League of Nations this month to consider the question of sanctions. Normally, the Assembly would meet in September.

Hearst Papers Urges League Impose Sanctions on Japan

Calling Japan a much worse offender against right, justice and world peace and civilization than Italy, the San Francisco *Examiner* and other Hearst papers, in identic editorials on May 16, urged the League of Nations to impose sanctions on Japan. Entitled "Why Not Sanction Against Japan?," the Hearst editorial said: "The League adopts sanctions against Italy but connives at Japan's aggression. Japan is a much worse offender against right, justice and world peace and civilisation than Italy."

U.S. Missionaries in Grave Danger in Ethiopia

American missionaries at Sayo, in southwestern Ethiopia, were reported May 27 to be in grave danger as a result of tribal warfare in the territory which has not been occupied by the Italian forces.

France Wants Closer Relations With Anglo-Saxon Democracies

France's relations with other countries was the subject of an article in the Paris *l'Ere Nouvelle*, May 30, a Radical-Socialist organ, written by M. Edouard Herriot, the ex-Premier. "The first task of the new government," he writes, "will be to bring about a rapprochement between France and the Anglo-Saxon democracies.

The possibility that the new leftwing government of France may seek a loan of $1,000,000,000 in the United States was discussed by a leading financial organ in Paris, May 19. The loan, it was said, would be sought in an effort to solve France's tangled fiscal problem. Many experts believe, however, that such a loan is impossible and accordingly talk of devaluating the franc is growing. Even some monetary "die-hards" are now saying that devaluation might solve the situation.

The Bank of France statement for the week ending May 22 indicated that the flight of capital from the country had, however, eased. Conservative financial editors, who had hitherto made no mention of devaluation are now openly discussing its possibilities as a remedy.

Dr. Sze Urges Convocation of New International Conference

Speaking at the commencement exercises of Duke University in Durham, N.C., June 8, Dr. Alfred Sze, Chinese Ambassador to the U.S. urged the convoking of a new international conference to deal with the problems, territorial and otherwise, now affecting the entire world. In order to avoid war, the Ambassador declared bluntly, the great powers must circumvent the League and convoke a special world conference to consider the re-distribution of territories and other acute problems. The Orient, he asserted, must be included as well as the Occident, since the material interests of the powers in both regions are inseparably intertwined.

Describing world peace to-day as in a precarious state, Dr. Sze declared that the primary reason for the situation was the "unfortunate existence of political situations, territorial and otherwise, that are highly unsatisfactory when viewed objectively, yet supported by international treaties, for which international law furnishes no adequate peaceful means of modification or annulment at the instance of peoples or nations oppressed by them."

Korea Not Quicescent, But Seething With Internal Activity

The Editor, The China Weekly Review:—

An explanation of why the Koreans are resorting to smuggling may, possibly, be found in their history.

The Koreans have not submitted to Japanese domination so peaceably as the West has supposed. Thousands of them went to Manchuria, where they underwent unthinkable tortures and sufferings. Harassed by Japanese, Chinese, Reds and bandits, these poor defenseless people have been reduced to such a state that they have become desperate, and have turned to smuggling under Japanese encouragement, in order to make a living. I admit that taking the law into our hands and punishing or killing these renegades is shameful in the eyes of the World, but under such circumstances the Korean movement for independence must go on.

In order to better existing conditions and to secure Korean independence there is in the heart of every Korean a bitterness against Japan that sword or fire cannot extinguish. It is a bitterness that has grown slowly and cumulatively for many years. I don't doubt that the Chinese feel the same as we do. To the outer world Korea may seem quiescent, but make no mistake about it, inwardly it is seething with activity.

H. LEE.

Shanghai, June 6, 1936.

A Prisoner That Asked for a Longer Sentence —Judge Helmick Obliges

When Judge Helmick in the U. S. Court for China June 8 sentenced Lloyd Patterson to six months imprisonment in the local prison after having pleaded guilty to securing various goods from local shopkeepers by issuing bogus checks, Patterson replied that he would rather take a longer sentence and serve it at McNeill's Island, in the state of Washington. In reply to the Court Patterson stated that imprisonment at the local jail is equivalent to solitary confinement as there was no work given and very little exercise allowed. Among the charges against Patterson was one that he had tried to escape; in fact had escaped until he was caught. Judge Helmick commented that the prisoner's desire to escape was, under the circumstances, quite understandable. The Court thereupon cancelled the sentence originally given and imposed a sentence of a year and a day to be served at McNeill's Island.

Kalgan Also Feels the Impact of the Japanese

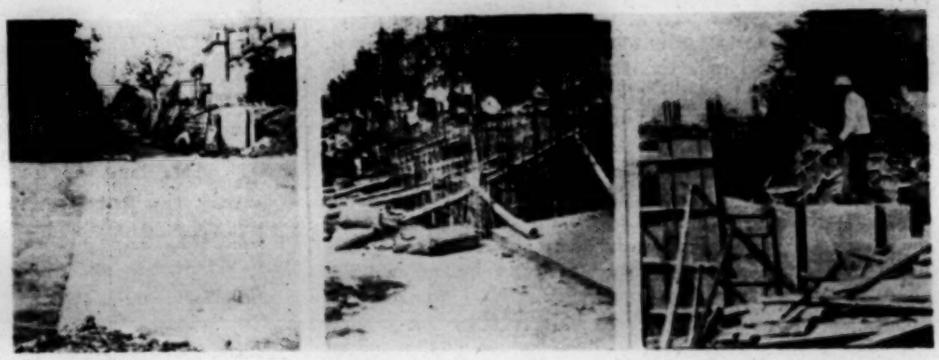
A contributor to the *North China Daily News* who is making a tour of Suiyuan reports that the population of Kalgan has dropped heavily of late, some hundred thousand or more of Chinese having moved away; on the other hand the Japanese population has increased greatly. One of the new industries is a heroin factory under Japanese management.

Foreign firms there report that they are frequently being "inspected" by Japanese so-called commercial and economic missions, either in order to learn their business secrets or perhaps to assess their taxbaility for future occasions.

National Economic Council Grants $600,000 for Yao Dyke Conservancy Work

As the result of a conference which Chin Fen, Secretary-General of the National Economic Council, had recently with the Hupeh Provincial officials and conservancy experts, it was announced June 9 that a sum of $600,000 would be granted by the N. E. C. for financing the completion of the conservancy work on the Yao Dyke of the Han River in northern Hupeh. With regard to the organization of the newly established Han River Conservancy Rehabilitation and Flood Prevention Committee, or which Fan Hsi-chi is Chairman, it is learnt that the Committee will consist of three departments, with Hsi Te-chiung, Director of the Kianghan Engineering Bureau, in charge of general affairs, and Messrs. Shih Yu-ling and Chen Ju-chen, technical experts, in charge of transportation and engineering work respectively. Chin Fen, Secretary-General of the N. E. C., has in the meantime proceeded to the Chungsiang dyke-area to inspect the dyke-repair work on the Yao Dyke.

"CARE, CAUTION AND CEMENT" AT HANKOW



Hankow takes protective measures against floods and doesn't intend to be caught napping as was the case last year. The above pictures show old dikes being renovated and also much new construction which will be useful if the Yangtsze goes above the danger line of 55 or 56-feet. The present slogan at Hankow is "Care, Caution and Cement."—Pictures from Zenith Studio, Hankow.

Dr. George Sellett Sees No Criminal Action by Kleffel

The hearing was resumed before the Second Kiangsu High Court June 6 of the appeal of Julius Kleffel, former manager of the defunct American-Oriental Banking Corporation, against a six-month prison term for breach of confidence in connection with the disappearance of $20,000 belong to Henry Young, a Chinese, and $12,000 belong to M. M. Epport, Russian.

The principal evidence was given by Dr. George Sellett, the present liquidator of the defunct Raven institutions, who stated that he is satisfied both as a lawyer and as a liquidator that the Municipal Advocate's office has enough information to convince any reasonable man that Dick Wong, the Bank's compradore, was guilty of criminal action in the Young transaction and that he had embezzled $100,000 belonging to the bank, that he had been informed that the Municipal Advocate, R. T. Bryan, and his assistant, Paul Y. Ru, had guaranteed Tsu Yu-soong, a clerk in charge of the trust department of the bank, that he would not be criminally prosecuted and that he could not learn anything from the accounts of Epport and Young which tended to show that Kleffel was guilty of criminal action in those cases.

Dr. Sellett was repeatedly interrupted by Judge Tsoong, who stated that he considered all points which implicated Dick Wong as irrelevant.

Dick Wong, called to the stand, told how Henry Young had approached him with $20,000 in banknotes and asked him to have the money converted into silver for safe-keeping in the trust department. Wong stated that he went to Kleffel, who told him to advise Young to put the money in call deposit as the bank was in a bad state. When Young refused to do this, Wong said he again went to Kleffel who approved the receipt of the money for safe-keeping. He denied having knowledge of the conversion of the money from safe-keeping to call deposit until after the bank closed.

Tsu Yu-tsoong, clerk in charge of the bank's safe-keeping department told the Court that he was asked to sign the receipt but actually he had never seen the money. Questioned by the judge if this procedure was unlawful, Tsu said that many unlawful things were done in the bank. He told the Court that he referred the Young transaction to Walter Raven who approved the procedure. In the Epport deal, Tsu said he asked Kleffel, who instructed him to follow the same methods as in the Young case.

The hearing was once again adjourned without a definite date being set for its continuance. Next hearings in the case will be the cross-appeal filed by the police against the judgment of the First District Court acquitting Kleffel on charges of misappropriation and fraud.

American-Oriental Bank Depositors Receive Ten Percent This Week

Checks are being mailed this week by Dr. George Sellett, liquidator, to thousands of depositors of the defunct American-Oriental Bank covering a ten per cent installment of the amount of deposits. This is in addition to an installment of 7½ percent made by the late Frank L. Hough, while he was liquidator. There is no indication that there will be a further dividend for quite a long time.

National Coal Industry Conference Decides to Open Joint Sales Office in Shanghai

After three days deliberations, the National Coal Industry Conference convened by the Ministry of Industry, was formally closed at Nanking June 3. The final session was held under the chairmanship of Dr. Chou I-chun, Administrative Vice-Minister of Industry.

In a closing address Wu Teng-chang, Minister of Industry, said it is the hope of the Government that the companies which were represented at the Conference will organize voluntarily with a view to promoting the development of the coal industry; the Government would guide the organized activities of the coal companies. Free trade, he mentioned, is beneficial to industry, but unnecessary losses incurred by excessive competition should be avoided; the enforcement of the various resolutions adopted by the conperence would have to depend on the collaboration of the coal companies themselves.

With regard to the proposal of the Ministry of Industry for joint marketing of coal, it was decided to establish a Joint Office for the Coal Industry at Shanghai within three months. Other proposals adopted, regarding coal transportation and taxation, are to be forwarded by the Ministry of Industry to the Ministries concerned for consideration.

Japanese at Peiping Protest to British and French Regarding Alleged Assaults

The incident in which a Japanese—first stated to be an officer but now described as a Japanese employee of the Manchukuo Department of Defense, named Sasaki—was found unconscious in a street in Peiping on the night of May 29, and died while being removed to hospital, reached a further stage June 6 when Yoshio Muto, first Secretary of the Japanese Embassy, called on D. J. Cowan, first Secretary of the British Embassy at Peiping, and backed up previous intimations that the slayer was a member of the British Embassy Guard. Up until this time the British authorities had maintained that all the British soldiers were in barracks during the night of the incident.

The British authorities in Peiping later declared that a military court would sit to investigate the matter. A *Domei* message from Peiping June 9 stated that the Japanese authorities would co-operate with the British court of enquiry. Japanese witnesses required by the court are to be produced by the Japanese authorities, an announcement from the Japanese Embassy stated. The decision to co-operate followed the receipt of instructions from the Tokyo Foreign Office detailing measures to be taken in connection with the case.

The incident has apparently spurred the Japanese authorities to adopt an attitude tending to discredit the soldiers of other nationals represented at Peiping. A Peiping dispatch to the *Tokyo Jiji* June 2 described the answer which the British authorities had given to the Japanese protest as "unsatisfactory." The heading to the article called the answer "insincere."

Another dispatch stated that Mr. Muto also visited at the French Embassy and called the attention of the French diplomatic authorities to an alleged assault made by French soldiers on some Japanese and requesting them to prevent the repetition of such an incident in the future.

South Fukien "Autonomous" Scheme Reported Abortive

BY THE REVIEW'S FOOCHOW CORRESPONDENT

PERHAPS the readers of *The Review* may know that there have existed in South Fukien various semi-secret "autonomous" organizations, such as, Pan-Asiatic Alliance, "Autonomous" Forces, etc., and that the "autonomous" activities are sponsored by the ronins of a certain country. According to the *Kung Sheung Daily News*, a Hongkong paper, the ronins had plotted to establish a bogus government, similar to "East-Hopei Autonomous Council," in June or July; but their scheme has proved to be abortive for several reasons. In the first place, there is lacking a central figure to direct the activities of ronins. Secondly, certain ronins have domineered over ignorant peasants and thus lost their favor. Thirdly, Gen. Chang Fa-kwei, Commander of Bandit-Suppression Forces along the Fukien-Chekiang-Anhwei-Kiangsi border, who was instructed by Nanking to nip the insurrection in the bud, has, in cooperation with Gen. Chiang Ting-wen, Fukien Pacification Commissioner, lost no time in curbing the "autonomous" activities. More than ten reactionary organizations have been dissolved; many traitors have been arrested and imprisoned, and many ronins have been detained and handed over to the consul of a certain country, in Amoy. Very recently, the ronins who have flocked to Amoy and waited for opportunities to act, number several hundred. A part of them have gone to Swatow to start a separatist movement there. Swatow authorities, it is learned, have taken due precautions.

Smuggling in South China

As pointed out by the *Kung Sheung Daily News*, the smuggling in South China has political significance. With Formosa as base of operations, Japan is making inroads into South China. Since the last year, Formosan authorities have pulled the wires behind the smuggling activities in South China, aiming to bring about destruction of the economic machinery.

The smuggling situation in Fukien these few months is menacing. Goods in considerable quantities are frequently smuggled from Hankiang (Putien), Chungwu (Hsian), Chiaovei (Tungan), Mapi (Liangkiang), to other parts of Fukien. Not only national but provincial revenue is affected. The situation is so serious that the Nanking Ministry of Finance despatches its special envoy, Chu Pao-hwa, to Fukien for detailed investigation. Provincial authorities, it seems, have determined to put an end to smuggling regardless of consequences. On May 28, the Bureau for Prevention of Smuggling was formally established, with the head office in Foochow and its branch offices in various coastal regions, namely, Changloh, Mapi, Yuchi, Kaoshan, Pingtan, Kiangkow, Chiaovei, Chungwu, Shihsi, Chinmen, etc. The director of the bureau is Hsia Sin, formerly general-of-staff of 87th Division.

In Kwangtung, there is also a bureau for prevention of smuggling on land and water. The Canton government has shown readiness to use force if necessary.

Li Yuan Nien's Speech

In a speech to the athletes who participated in the athletic meet held in Chuanchow a few days ago, Gen. Li Yuan Nien, commander of forces in the third pacification area, among other things, said:

> Don't be proud of your victory; don't be disappointed at your failure . . . You should not have provincialism; you should place national welfare above selfish ends.
>
> You should know that present-day China encounters an unparallelled crisis. Two new happenings in China are: (1) Chinese markets are full of smuggled goods; and (2) Chinese traitors are extremely active. You are young men of promise. You should follow closely new developments in China. Be something. Do something.

The Mission of the Japanese Consul at Amoy to Foochow

Mr. Yamada, Japanese Consul at Amoy, paid a visit to Foochow on May 21. He stayed at Foochow for several days and held important conferences with provincial authorities about granting leases to Formosan and Japanese residents in Amoy. The authorities, according to the *Nan Fang Yih Pao*, conducted negotiations on the basis of non-infringement of sovereignty.

The Amoy land problem is a problem of complicated interest. Formosans own a large part of the land in Amoy. An average Formosan, as we know, can hardly be distinguished from a South Fukienese; both speak same dialect and have similar habits. Many Amoyese landowners have become Japanese naturalized subjects and thus their estates turn Formosan. Many Formosans have disguised themselves as Amoyese when they purchase land from Chinese owners. It is said that certain Formosans who own a large tract of land in the neighborhood of Pei Lu Tung will sell it to Japanese for the site of a Buddhist monastery.

Smuggled Goods Captured in Huian and Putien

A large quantity of smuggled goods have been captured in Huian and Putien. The smuggled goods are petroleum, sugar, matches, etc.

A report has it that traitorous merchants in South Fukien are, for the present, at great disadvantage. They have to pay Japanese ronins in advance, although the smuggled goods are liable to seizure.

Highways Connecting Chekiang, Fukien, and Kwangtung

The Fukien Reconstruction Bureau plans to build highways joining North and West Fukien. The Pucheng-Nanping line (an important North Fukien highway leading to Chekiang) will be extended to Yunan and thence to West Fukien. Meanwhile, highway connections between Fukien and Kwangtung borders will be made. The highways connecting Chekiang, Fukien, and Kwangtung are of economic and strategic value.

Municipal Council to Be Established in Foochow

A municipal council will be established in Foochow next July. The council consists of seven members appointed by the provincial government. Four of the members will act concurrently as heads of the bureaus of education, of finance, of public works, of public safety. Li Tsin-teh, head of provincial public safety bureau, may be appointed as president of the council.

Bandits Attempted to Kidnap High Provincial Authority

According to an unconfirmed report, several hundred bandits attempted to kidnap a high provincial authority when he and his retinue were on their way from Lunyeng to Lincheng. The automobile of the high official passed just a few minutes before the bandits came. Had the bandits come earlier, something dreadful to relate might have happened.

A Japanese Buddhist Monastery to Be Built in Amoy

Japanese monks in Amoy wish to use Ta Kuana Garden in the neighborhood of Pei Lu Tung as the site for a Buddhist monastery. In the garden there are many graves. Some of them belong to Chinese while others belong to Formosans. To level the ground, Japanese have dug out more than twenty graves owned by Chinese. Li Shih-lin, Mayor of Amoy, has verbally protested to Consul Yamada against the action of Japanese monks. The existing treaties, Mayor Li points out, only provide for propagation of Christian doctrine but do not provide for propagation of Buddhism as it is not alien to Chinese soil. In accordance with Sino-Japanese treaties, Japanese, Mayor Li adds, have no right to build monasteries in China. The Japanese consul, however, insists on the correctness of the action of Japanese monks. Besides asserting emphatically that the recent move is an infringement of soverignty and an impairment of Sino-Japanese friendship, Mayor Li requests Consul Yamada to order that the building of monastery be postponed pending further negotiations. Both Mayor Li and Consul Yamada, it is reported, have appealed to their superiors for instructions.

Formosan Hotels and Teahouses—Opium and Gambling Dens

Since the Japanese Consul-General at Foochow and provincial authorities took definite steps to forbid opium and gambling dens, Formosans engaged in illegitimate trade, have been in straits. Some of them have become thugs; others have opened in Nantai hotels and teahouses, which are nothing but opium and gambling dens.

Important Participator of Revolutionary League Creeps Into West Fukien

The bogus Chung-Hwa-Revolutionary-League, has secretly despatched its special commissioner, Hsieh Tsai-fa, to Lungyen. He identifies himself with bandits in West Fukien and maintains connections with the Asiatic Alliance. He intends to fish in troubled waters. Gen. Chiang Ting-wen, Fukien Pacification Commissioner, has given strict orders to garrison soldiers in Nantseng and to the magistrate of Nantseng to arrest Hsieh.

Bandits Invade Mining Districts in Anchi

A number of bandits have invaded Pantien, mining district in Anchi. A company of Peace-Preservation Corps stationed there were disarmed by the bandits.

Japanese Complaints Against Mail Censorship

There appeared in the *Min Pao* (June 2), Japanese mouthpiece in Foochow, an editorial denouncing mail censorship in Fukien. The newspaper regards censorship of outgoing and incoming letters from and to foreign residents as an impairment of their interests.

June 3, 1936.

U.S. and Britain to Protest to Japan—Germany Hesitates, France Refuses

The British Government has requested the United States, Germany and France to combine in a protest to Japan concerning the smuggling in North China, in view of the unparalleled damage to Chinese finances and foreign trade. The United States cordially agreed. Germany has so far refrained, presumably embarrassed by the recent trade agreement with Manchukuo. France declined to take part in the protest.

Hu Han-min's Death Precipitated Crisis Leading to "Anti-Japanese" Drive*

BY THE REVIEW'S SOUTH CHINA CORRESPONDENT

BY the untimely death of the late Hu Han-min in Canton, China has lost one of its few remaining courageous and patriotic leaders and Canton has lost a staunch supporter of the South-West Political Council, the highest political authority in the South-west. By "South-West" it was originally meant to include Kweichow, Yunnan and Szechuen, which about a year ago were in a political alliance. But the success of General Chiang Kai-shek in directing the anti-Communist campaign in Kweichow, Yunnan and Szechuen has smashed this South-west organization and the said Council to-day remains but the political machinery controlling the destiny of Kwangtung and Kwangsi.

A creation of Hu Han-min and General Chen Chi-tang, the South-west Political Council came into existence shortly after the collapse of the anti-Chiang Kai-shek movement in Canton in 1931. Although Hu Han-min did not spend much of his time in Canton directing affairs of this Council, the foremost members of this Council such as Hsiao Fu-chen and Chou Lou (Chancellor of the National Sun Yat-sen University of Canton and holder of many other important posts in the South-west) were actually chief spokesmen for Hu Han-min.

Since the Japanese occupation of Manchuria in 1931, Hu Han-min and members of his so-called Elder Statesmen's Party have always clamored for the adoption of a strong foreign policy by the Nanking Government vis-a-vis Japan. From time to time their views found sympathetic support from Canton's military authorities. From Kwangsi Hu Han-min had also found many friends, principally General Li Tsung-jen and Pei Tsung-hsi, the Commander-in-chief and Vice-in-Command for this neighboring province of Kwangtung.

But for financial and geographical reasons these military commanders of the Two Kwangs had to be content not to take a decisive step to force an issue on the Nanking Government with regard to the Manchurian situation. In this connection it must also be admitted that the Canton military authorities are, on the whole, a conservative group, with more consideration always for the reconstructions in their territory than with such a paramount national issue as resistance against Japan.

Such difficulty on the part of the militarists was long ago realized by Hu Han-min. It is due to this that for many months between 1932 and 1935, Hu Han-min chose to remain in Hongkong, issuing anti-Japanese statements, in some of which he strongly denounced those now in power in Nanking for their weak-kneed policy.

Man of Strong Will

A man of strong will power Hu Han-min retained his anti-Japanese attitude until the day when he breathed his last. In his will to the people of China he said in part: "For over thirty years I followed Dr. Sun Yat-sen in carrying out the revolution and rigidly adhered to the belief that the salvation of the country lies in the enforcement of the Three People's Principles. A perusal of the present day conditions convinces me that the Principle of Nationalism cannot be preserved without resistance to Japanese aggression, the Principle of Democracy cannot be realized without breaking down the dictatorship, and the Principle of Livelihood cannot become a reality without eliminating the Communists."

Again in his last public statement issued in Canton on "Nationalism and Self-Reborn Power, Hu Han-min said in part: "The masses of China are now in a precarious state. China's territory is being daily sliced away and even the patriotic movements of the students are suppressed in a relentless manner. All these reactionary measures, however, serve only to increase the ingredients of revolution and, with the passing of days, the national salvation movement will expand slowly but surely and become a general movement. In the face of foreign aggression, we are still waiting to be apprised as to when the government will abandon the non-resistance policy. Since September, 1931, (a long lapse of time up to the present) China has been constantly evacuating—first the North-eastern provinces and now, probably, the Yellow River area. At present, foreign aggression threatens all parts of China and, vast though China's territory be, we should realize that no expanse of land ceded could appease the greed of the aggressor. If China still holds on to its no-resistance policy, we doubt if she really means to struggle for a permanent existence."

As a remedy, Hu Han-min concluded his long statement with this suggestion: "That the people—especially the youths—preserve the spirit of nationalism, created by Dr. Sun Yat-sen, make the people of the whole nation pay regard to the principle of nationalism, and urge the Government to launch a great and general national revival movement, taking into consideration the will and needs of the people."

Chou Lou Goes Abroad

Following close to the passing of Hu Han-min, another strong supporter of anti-Japanese policy in Canton, Chou Lou, went abroad by the Italian liner *Victoria* last week, which is generally considered another temporary loss to the cause of "Resistance and fight for the recovery of lost territory." The departure of Chou Lou was most sudden and unexpected, as it has been mentioned in some newspaper comments that he is the most logical successor to Hu Han-min as head of the Elder Statesmen's Party. There were rumors last week that Chou Lou was not on the best of terms with the Government when he decided to abandon his work on the South-west Political Council for at least three months to attend a conference in Germany of executives of the World's leading universities. On the day of his departure from Canton there were rumors that the Canton Government favored friendly relations with Japan as a means of sponsoring another anti-dictatorship movement in China.

The spread of these rumors at once caused a flurry of speculations and the paper currency of the Canton Government dropped by a number of points as against the soaring banknotes of the Hongkong and Shanghai Banking Corporation. Hongkong newspaper editors were most excited, as coupled with these rumors came the news that the Canton authorities had ordered new slogans to be issued and to appear in streets denouncing a dictatorship for China. The rumors died down the next day and a semi-official explanation of the depreciation of the Government banknotes was that General Chen Chi-tang was about to accept Nanking's offer to make Kwangtung adopt the national currency standard. The news caused perturbation among the bankers in Canton, who feared that the value of the newly issued paper currency which followed the Canton silver standard might unavoidably by affected.

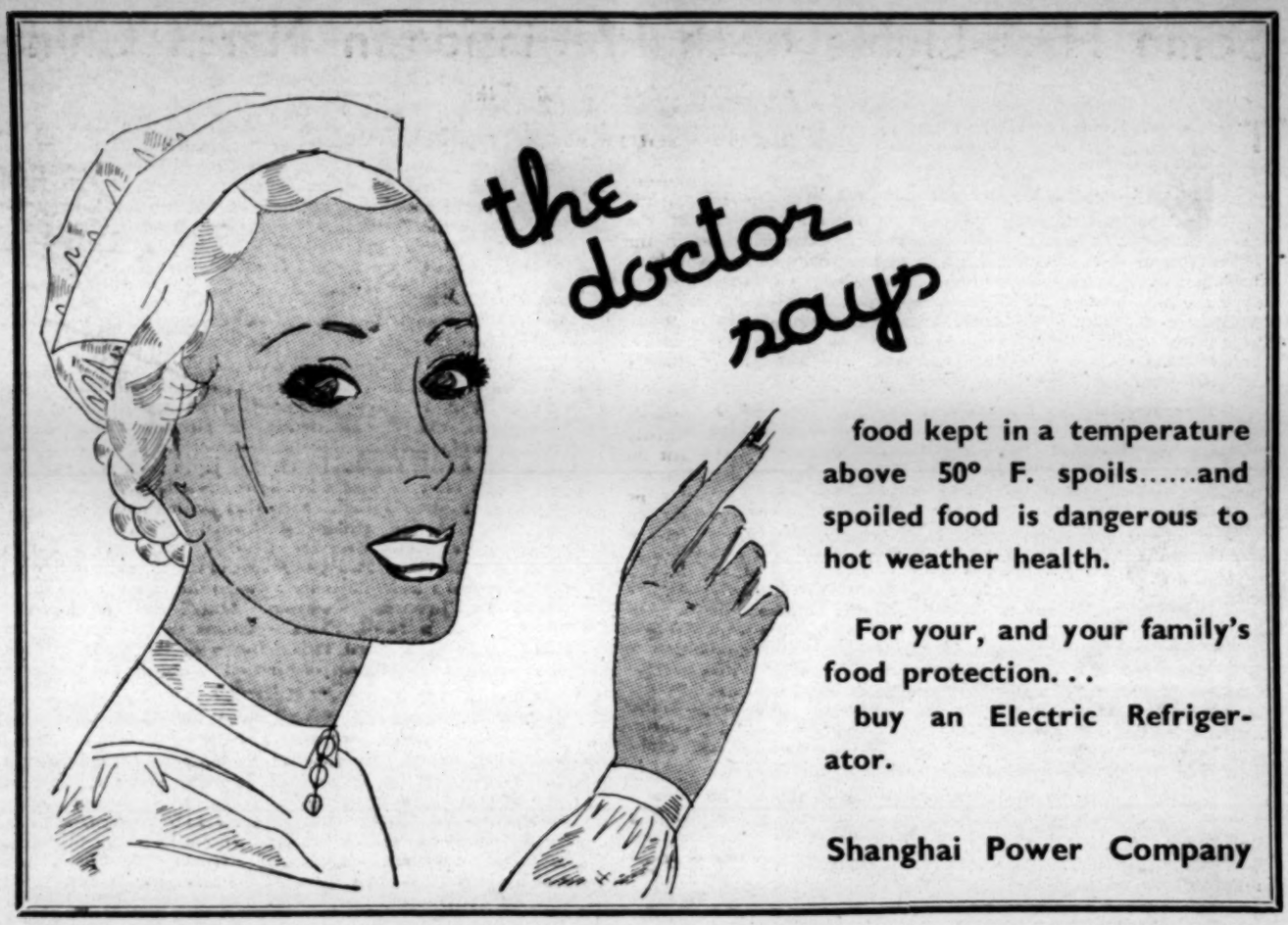
Another setback for the Elder Statesmen's Party in Canton was the illness of Hsiao Fu-chen, who is the man who recorded the will of Hu Han-min and who also is famous for his straightforward and bold statements in denouncing the Japanese aggressions in China. For many days before the death of Hu Han-min, Hsiao Fu-chen was not able to attend to his work on the South-west Political Council and for a man of over 75 such a prolonged illness is causing anxiety.

As far as Canton's local situation is concerned the passing of Hu Han-min should have little effect on the Provincial Government departments. There is not the least indication of any important changes, as the Mayor, Liu Chi-wen (once Mayor of Nanking) and Lin Yun-koy, the foreign-educated veteran politician of Kuangtung, are both close to General Chen Chi-tang, the really strong man of the South-west situation. On the South-west Political Council, the remaining members are still mostly former associates of Hu Han-min, apart from the military members.

But to the students the passing of Hu Han-min has meant the going out of existence of a sympathiser and one who really understood their patriotic sentiment. It may be a mere coincidence but thousands of students went daily to the Sun Yat-sen Memorial Hall to pay their respects to the late Hu Han-min, while his remains were lying in state. Significant also is it that the students had not participated in any public demonstrations against the Japanese, although Sino-Japanese relations are still very strained in Swatow and in certain Fukien ports. For this the explanation was that the students have found, to their disappointment, that the Government quictly disfavored their street demonstrations against the Japanese. The dilly-dallying manner in which the Government handled the incidents in Swatow involving Japanese smugglers and the concessions made to the Japanese consular officials in Swatow in the settlement of the controversy arising out of the sudden death on the street of a Japanese policeman were plain indications that the South-west Government did not want to be involved in serious quarrels with the Japanese in this part of China.

It is said that the coming of so many Nanking envoys to attend the funeral of Hu Han-min was in fact a new move by Chiang Kai-shek to take advantage of the situation offered to send Sun Fo (President of the Legislstive Yuan) and Chu Cheng (President of the Judicial Yuan) to negotiate for a rapprochement with the Kwangtung and Kwangsi governments. In Canton Sun Fu and Chu Cheng and the other envoys were given a

This article by The Review's Correspondent in the South was written prior to the crisis and was mailed from Hongkong on June 2 the day the Soutowest Council dispatched its famous telegram to Nanking demanding war against Japan.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food kept in a temperature above 50° F. spoils.....and spoiled food is dangerous to hot weather health.
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most cordial welcome and they had a serious discussion with General Chen Chi-tang and others on all pending issues between the south and north. Interviewed in Macao, where Sun Fo was visiting his mother, Sun Fo made the significant remark that the leaders of Nanking and Canton were heading for a real understanding.

This statement was made after the conferences had ended in Canton and Sun Fo was the only one remaining on an unofficial visit in Macao. Chu Cheng and others returned to Shanghai via Hongkong before him.

While the more important details of Sun Fo's discussions with the Canton executives could not be obtained, it is semi-officially stated that the South-West Political Council is about to issue another long telegram to the country supporting Nanking's protest to the Japanese Government over the increase of the Japanese garrison troops in Tientsin and Peiping. In this telegram it was predicted that Canton would offer to back up Nanking should there be a declaration of war against the aggressors. Part of the telegram reviewed smuggling by the Japanese and their aggressive policy in Fukien and Kwangtung.

To strengthen Canton's defence more troops will be dispatched to Swatow and Amoy, standing by in readiness for untoward developments.

While the feeling prevailed in some circles that the passing of Hu Han-min and the ensuing political discussions which accompanied his funeral services, has paved the way for improved relations between Canton and Nanking, there were others who feared the death of Hu Han-min, who had served as a buffer between the Southern and Central military elements, might make the situation worse. Hu Han-min had always had great influence with the Kwangsi leaders who respected his political honesty and self sacrificing principles; hence his passing served to emphasize in the minds of all the significance of the principles for which he had fought most of his life.

Canton, June 2, 1936.

China's Imports to Canada Gain 58 Per Cent in Year

Chinese imports to Canada showed a gain of more than 58 per cent in the fiscal year 1935-36, compared with the previous fiscal year, according to official figures issued by the Dominion Bureau of Statistics.

Republicans Make Efforts to Repeal U.S. Silver Purchasing Act

A bill for the repeal of the Silver Purchase Act of 1934 was introduced in the U.S. House of Representatives May 28 by Robert L. Bacon, Republican from New York. However, Congressional silver leaders do not expect the Bacon Bill to receive serious attention during the present session of Congress. Authorities expressed the opinion that it would be impolitic for Congress to debate on silver at the present late stage of the session. The bill, however, aroused speculation as to whether the Republicans intend to include in their campaign platform a plank calling for repeal of the Silver Purchase Act. That such is the case was doubted strongly, in view of the efforts by the G.O.P. to regain power in the western states which are friendly to the silver legislation. Mr. Bacon said he introduced the bill in order to put himself on record against the Act which, he said, had "damaged China, complicated the United States relations in the Pacific and benefitted only a few Senators from the silver states."

Republicans Hold National Covention in Cleveland

The Republican National Convention opened at Cleveland, Ohio, June 9. Balloting was due to take place latter part of this week. No one candidate had sufficient instructed delegates when the convention opened, but A. M. Landon, Governor of Kansas, was the leading candidate. Senator A. H. Vandenberg, Senator from Michigan, was prominently spoken of as a "dark horse." It was intimated that Senator Borah, a prominent candidate, might bolt the party.

Japanese to Organize North China Salt Company in Hanku District

Current rumors to the effect that the Salt Administration in East Hopei had undergone some radical changes in its organization and that a North China Salt Company had recently been organized by the Japanese were discredited by the Changlo Salt Inspectorate June 7. The Salt Tax collection machinery, it was pointed out, is operating as usual, and so are the salt police in east Hopei.

In accordance with the arrangements recently made between a representative of the Japanese Ministry of Finance and the Changlu Salt authorities, the first consignment of salt export to the Island Empire will be shipped some time within this month.

Some High-Lights of the Situation in North China

BY C. Y. W. MENG (孟長泳)

THE present situation in North China is complicated as well as puzzling, not only to foreign observers but to the Chinese as well.

General Sung Chih-yuan and the 29th Route Army

General Sung Chih-yuan, Commander of the 29th Army, and concurrently chairman of H.C.P.C. (Hopei-Chahar Political Council) won a reputation as a "national hero" as a result of the Battle of Hsifengchow. But by taking up his post as the chairman of the H.C.P.C., and worst of all, by dispatching his "Big Sword Squad" to disperse the student parade during the student movement in Peiping last winter, when in the opinion of every observer the student parade was quite orderly, General Sung lost part of his fame and popularity.

In an editorial on "We Cry at the Big Sword" 哭大刀, the *Morning Post*, one of the most outspoken papers in the Capital, regretted and lamented the fact that the "big sword squads" which were used to kill the invaders "are now used to kill the patriotic students." Some soldiers of the 29th Army also told us that unlike before, their superiors, in their advisory speeches, always instructed them "to remain calm." "When we were ordered to remove to Peiping, we thought that we would fight the Japanese. But when we reached Peiping, we were merely locked in the barracks," said one of the soldiers of the Army. Formerly, the pay for the rank and file of the Army was always in arrears, or paid at a discount. But since the removal to Peiping, payments are always punctual; and sometimes the soldiers and officials of the Army received "more than they used to receive." So some observers suspect that "money has again proved to be deceiving"; "money could conquer China" etc. In the present crisis in North China, report also has it that General Sung, once the national hero, now "intrigues" with the Japanese (see editorial in *The Review* of May 30) which caused some unrest in the 29th Army, etc.

The Truth of the Situation

A despatch which was published in the *Shun Pao Weekly* (Vol. 1, No. 21, page 493) tells us something about the personnel in the political drama in North China—which may be classified into three categories.

The first group consists of officials like Hsiao Chen-ying, Mayor of Tientsin; Chen Ku-sen, Director of Peiping-Liaoning Railway Administration, and concurrently, chairman of the Communications Committee of the H.C.P.C.; and Lo Shih-hsiang, Director of the Bureau of Social Affairs in Peiping. The Tientsin Mayor is a rich merchant in the North-Eastern Provinces. He had first contact with the 29th Army in 1929 when the Army was fighting in the civil war. It was badly in need of funds when Mr. Hsiao came to General Sung's assistance by raising the necessary funds for him. So Mr. Hsiao has since become more or less a trusty man for tne General. So that explains the reason for his many appointments, including the mayorship of Tientsin. Chen Ku-sen is a Japanese returned-student, having no connection with the 29th Army at all. Mr. Lo is a graduate of the Peiping Teachers' College, and has been connected with the Army for several years. According to the dispatch, the policy of this "triumvirate" is to exercise direct influence upon General Sung to go in a "pro-Japanese direction," or to invite the Japanese to force General Sung to go in that direction. "The recent forced resignation of General Shih Ching-ting is the first step of this kind," the despatch stated. According to other despatch, men like Chen Chung-fu, chairman of foreign relations committee of the H.C.P.C. are also part of this group.

The dispatch made it clear that within General Sung's camp there are two parties of officials at work, one being pro-Japanese, and the other nationalistic. General Sung is apparently "between two fires." The General could not drop one, and side with the other, but he has to be "good to all," as one of them is pro-Japanese and, futhermore, being more or less a financial group, the other being his many military officials, not only under his command but directly under the influence of General Feng, his superior. From the same despatch, it is equally clear that the dismissal of General Shih is apparently not at all due to the will of General Sung, but it is due to the "intrigues" of the people of the first group who had, apparently, overwhelmed General Sung to do so, much against his will.

Loyalty of Gen. Sung and His Army Not Doubted

According to another despatch from Peiping, it is said that "well informed circles have it that under all circustances the H.C.P.C. authorities have decided to maintain order in accordance with the principles of preserving the national sovereignty" (see *Tai Kung Pao*, Tientsin, June 1). A promise that the 29th Army would never withdraw from North China and would fight against the Japanese if it became necessary was given to students by a junior officer of the Army, who, in addition, expressed the complete sympathy of the rank and file of the Army with the students in their movement. (For details, see *North China Star*, June 1).

So to say, General Sung is no longer a national hero, and he "intrigues" with the Japanese. But to say that the 29th Army has lost the "Spirit of Hsifengchow" is quite erroneous. On the contrary, we have to appreciate and realize the extremely difficult position of General Sung. On the one hand, the Central Government gives him no instructions to sever relations with the invaders, but to be friendly and conciliatory to the invaders, hence it is necessary for him to seek the "assistance" of the people of the first group as well as the third group. But on the other, he has to appease his subordinates, who are apparently more nationalistic.

Japan's "New National Policy"

Such is the complicated state of the Chinese political situation in North China. Let us study the situation on the Japanese side.

Formerly, almost the same confused state existed in the Japanese camp. At first, there was disagreement between the Ministry of War in Tokyo and the Japanese commander-in-chief in Manchukuo, who is concurrently the Japanese diplomatic representative in Manchukuo, over the course of the Japanese military actions in the Asiatic Mainland—whether Japan should advance to inflict a deadly blow to Russia before the Northern Bear becomes strong enough to defend itself, or whether Japan should proceed to conquer China before striking at Russia. Later, there is not only a great discrepancy over the Japanese policy and action in China between the Tokyo Foreign Office and the Japanese militarists in China, but also a wide difference between the Japanese militarists in China—the Japanese "Kwantung Army" and the Japanese "Garrison Forces in North China"—witness the clashes between General Doihara and General Tada. But with the recall of both of them, and the appointment of General Tashiro, the Japanese claim that Japan has now a "unified policy."

Japan Preparing for "War" with Russia—Chahar and Suiyuan in Danger

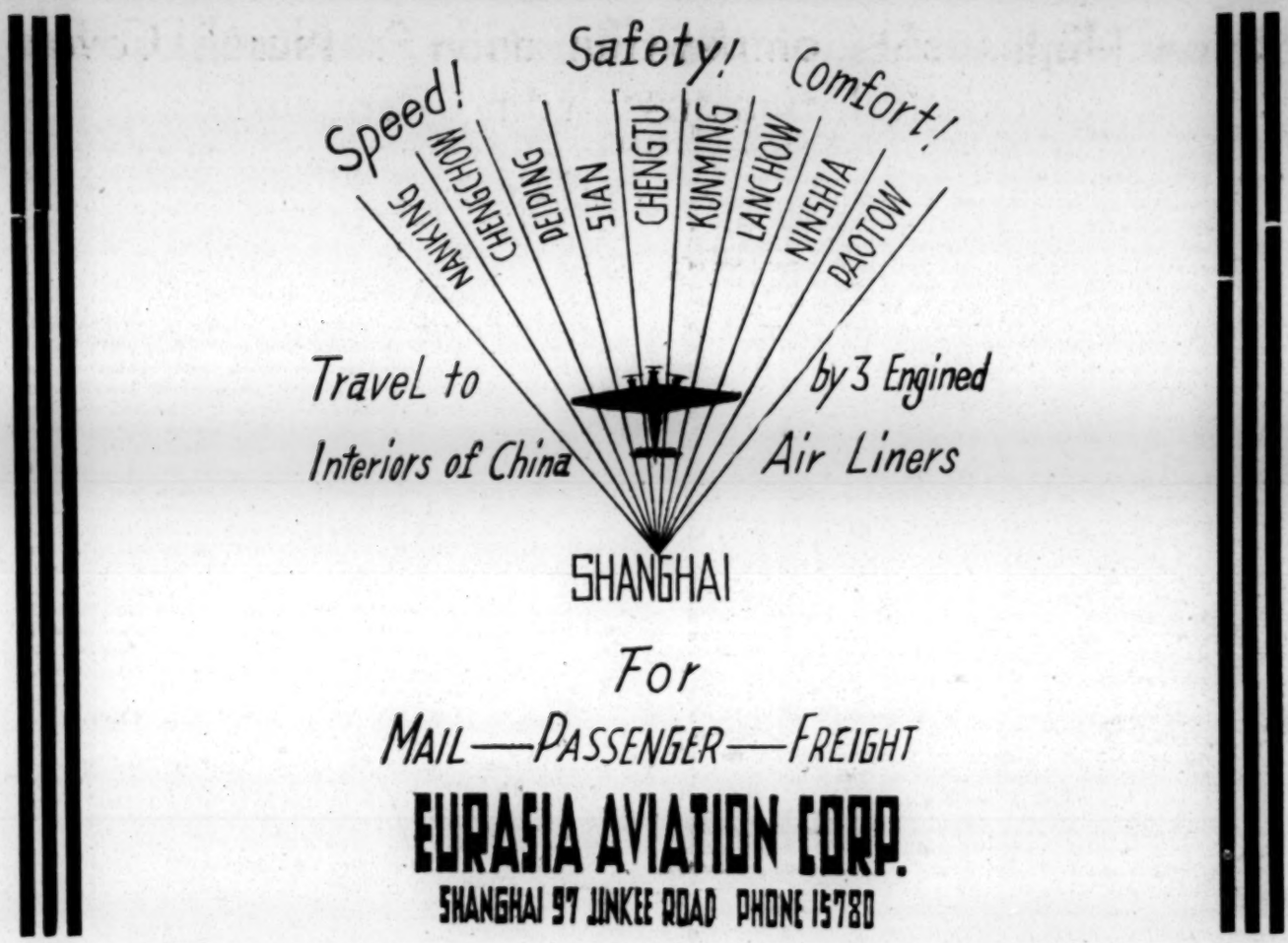
This causes us to ask what is the Japanese "new national policy?" We know the increase of Japanese forces in Tientsin and Peiping; we hear about the bombing of the railway bridge three miles from the Tientsin Eastern Station along the Peiping-Liaoning Railway; we are told about the "tension" existing in North China, and we predict the imminent "occupation" of Peiping and Tientsin by Japan, etc. All these are the natural outcomes of the enforcement of the New National Policy. But we do not know that the situation in Chahar and Suiyuan is far more critical than that in Peiping and Tientsin, and that the occupation of Chahar and Suiyuan by Japan is of far more significance than that of Peiping and Tientsin; and lastly, the present Japanese military movement is of far-reaching effect and importance. Japan is not only furthering her aggression in China, but is really preparing for war with Russia in the near future.

Those who are familiar with the Chinese geography will know that Chahar and Suiyuan were formerly the so-called "Inner Mongolia." From Kalgan there is one highway—the only convenient route—to Urga, the capital city of Outer Mongolia. For those who have some knowledge of strategical science, they will also know that in the event of a Russo-Japanese war, the Trans-Siberia Railway which is now double-tracked is of great importance to Russia. In order to inflict a deadly blow on Russia it will be necessary for Japan to cut this Railway and to attack the Russians from the rear. But in order to achieve this purpose, it is necessary for Japan (1) to keep the communications open between Tangku (a sea port) and Kalgan in Chahar, (2) to tie China's hands from joining Russia by a Sino-Japanese Anti-Red Pact, and to disable the Chinese from attacking the Japanese from the rear by stationing considerable force in North China; and (3) to occupy Chahar and Suiyuan in preparing to advance toward Urga by the Kalgan-Urga Highway. This explains the reasons for the Japanese proposed Sino-Japanese anti-Red Pact, the demands for Sino-Japanese joint actions to curb the communists, and Japanese activities in the Inner Mongolia, etc.

Prince Teh Now a Prisoner—the Second Henry Pu Yi

According to a despatch from Peiping dated May 31 (see *Tai Kung Pao*, Shanghai, June 1): "The latest report from Kalgan has it that the Japanese have been active in North Kalgan, and have two 'intrigues' to carry out: First, to force Prince Teh to establish a puppet organization. At present, Prince Teh has already 'lost his freedom,' and is 'surrounded' by the Japanese. Secondly: to grasp the present opportunity to seize the five hsien in the Eastern Suiyuan." The same despatch further tells us that Wu Hoh-lin, formerly the representative of the Mongolian Leagues in Nanking has also lost his freedom. The headquarters of the "commander-in-chief" of the Mongolian Army is already organized with Prince Teh as the commander-in-chief, with two other commanders, namely, General Li Shih-sing (Manchukuo general) and Pao Kwei-ting. The Japanese supply the munitions and funds. The Japanese also plan to "enlarge" the Mongolian League Government.

Another despatch from Suiyuan (see *Tai Kung Pao*, Tientsin, June 1) reported that the Yi League under the leadership of Prince Sar is now vigorously preparing for "self-defense," and "has closed all doors of Mongolia to outsiders"—the first of this



kind since Manchu Dynastry. Of course, when all these actions are taken under the direction of the Japanese, they are done in the name of "circumventing the communists," which is not at all true.

That the situation in Suiyuan is very critical as the Japanese advance can be seen by the visit of General Fu Tso-yi, chairman of Suiyuan Provincial Government, to General Yen in Shensi. What is the result of the conversation we do not know at present. At any rate, from the above it is very clear that Chahar and Suiyuan are far more important to Japan. Not only Peiping and Tientsin, but also Chahar and Suiyuan, "are going the way of Manchuria." Japan wants to keep the communications between Tangku and Kalgan open, and to occupy Chahar and Suiyuan, because Japan wants to use North China as the "base of their operations" to fight Russia. Why should we worry only about Peiping and Tientsin? Why not also Chahar and Suiyuan? Why should only China be alarmed? Why not Russia also?

Japan's New Policy in China

This also drives us to ask what is the new Japanese national policy in China? Since the Battle of Hsifengchow and the Sino-Japanese "undeclared war" in Shanghai, one of the lessons which the invaders learned is that to further the aggression and to wrest more territory from China by means of force, though successful in the end, is too costly. So since then, the invaders have changed their "tactics" in dealing with the Chinese—that is, from military and forcible actions to "peaceful penetration." So since then we hear very much about the many Japanese "intrigues," "plots," creation of "anti-communist and autonomous government"; "five-province and two municipality autonomous government," etc. All these are the new Japanese tactics to further their aggression in China, not by open methods but underhand; and indirect ways. The most successful one is Yin-Ju-keng's "Eastern Hopei Autonomous Government." So we may line up some of the Japanese tactics as follows:—

(1) Using Chinese against the Chinese: That is, to employ the Chinese traitors and to make use of the pro-Japanese Chinese to act for the invaders, with the Japanese behind them to give all necessary direction and assistance. Japan opposes China to employ the policy of pitting one power vs. the other. But now, Japan employs a policy of pitting the Chinese against the Chinese" to deal with the Chinese.

(2) Causing the Chinese to forget all about the national affairs: Our readers may remember about the elaborate celebration of the Tientsin Mayor's birthday a few months ago, which cost no less than $200,000 from the municipal treasury. Visitors returning from the North tell us about the elaborate celebration of the "Heavenly Queen" in the Heavenly Queen's Palace in Tientsin, which lasted more than two solid weeks. More than one month was spent in advance to prepare for the celebration. All the expenses were paid by the Tientsin Municipal Government. According to a despatch in the *Sin Wen Pao*, the celebration was the most elaborate "ever held since 1900."

(3) Classic-studying movement: Another despatch from North China (see *Morning Post*, Nanking, May 31) tells us that a "back-to-old-order" or "classic-studying" movement is in full swing in North China. To speak of Peiping alone, many "societies," "associations," etc., have already come into existence, and such as the Tai Yi Shieh 大義社, or Pan-Righteousness Society; the Chuan Kin Shieh 尊經社, or Classic Revenence Society,; the Yen Kin Shieh 研經社, or Classic Research Association; and the Ching Yi Doo 正義團, or Righteousness Body, which has the purpose of "guiding the thoughts of the students".

The idea of all these movements, celebrations, etc., is to make the Chinese forget all about their national affairs, and to weaken their national feelings.

It is quite clear that the Japanese "new national policy" as well as the purpose of the present Japanese military movements have Russia, rather than China, as their objective.

It is useless for Nanking to think that by negotiations, China and Japan will soon be again on good terms. It is equally useless for Canton to demand "immediate war against Japan." The only way out for China is to resort to Sino-Russo co-operation to save the situation in the Far East.

Nanking, June 5, 1936.

Chinese Boy Scouts Hold Annual Review at Civic Centre Stadium

Upwards of 10,000 Chinese Boy Scouts participated in the annual rally at the Shanghai Civic Centre Stadium Sunday, June 7. Mayor Wu Teh-chen reviewed the assembled Scouts in an impressive ceremony. Pan Kung-chan, Commissioner of Education, and Tung Pin-po, Member of the Standing Committee of the City Party Headquarters, and Julean Arbnold, American Commercial Attache, were among those present. In a brief address, Mayor Wu declared that the best physical and mental training for children is through the Boy Scout method and he hoped that the rigid training the participating youngsters are now receiving would prove a sterling asset in China's national salvation.

How Japanese Competition and Pressure Drove Occidental Business from Manchuria

BY THE REVIEW'S HARBIN CORRESPONDENT

THE old saying that the Open Door of Manchuria is being held wide open for the purpose of letting the foreign firms out is being confirmed by daily reports circulating in business circles. The long list of foreign firms compelled to withdraw from the Manchurian field has recently been augmented by the Siemens-Schukert Company of Germany, which after half of a century of most successful work in the country is compelled to give up, being unable to operate under terrible Japanese competition and officially sponsored and protected monopolies. Ever since its opening at the end of last century, it has played an important role in developing Manchuria, supplying the country with rolling stock, machinery, power station equipment, constructional materials, chemicals, etc., the Chinese Eastern Railway and the government-owned railways as well as municipalities constituting the best part of the Company's customers. Since the occupation of this land by the Japanese army and the inauguration of a puppet regime therein, the Company has been experiencing the greatest possible difficulties, placing not a single order with the former C.E.R. and other Japanese controlled enterprises in Manchuria.

Up to the present, the following firms have ceased to exist in Manchuria, completely withdrawing from the field: The Asiatic Petroleum Company (British) and the Standard Vacum Oil Co. (American),their businesses having been taken over by the Japanese-controlled Manchukuo Oil Monopoly; the National City Bank of New York (American), Mukden branch, being the first important foreign bank to withdraw because of the impossibility to work under the Japanese banking monopoly; the Skoda Works (Czechoslovakian), which previously did a good deal of business in rolling stock, harbor equipment, arms and ammunition, machinery, etc.; Andersen, Meyer and Co. (American), general merchants and exporters; Siemens-Schukert and Co. (German); Siemssen and Co. of China (German, established in 1846); Wittig and Co. (German); Jardine Engineering (British). This list includes only big firms, which by dint of long association with the population have themselves catered to the people and their needs, their premises having become familiar landmarks for all and sundry.

Furthermore, it is rumored that Kunst and Albers, the only substantial German firm still "working" in Harbin, is about to be closed down, being unable to operate under the existing conditions, when all and everything is dominated by "State" and private monopolies. All these German companies have been engaged in imports from Germany, mostly, of machinery, chemicals and sundries, or in lines pretty much developed in Japan, for which Manchuria is rapidly becoming a closed market.

Neither is the list of closed enterprises confined to private firms alone. Of official institutions, related to developing trade relations between Manchuria and foreign countries and closed down because of the obvious impossibility of serving this end, mention should be made of the office of the American Trade Commissioner in Mukden. Before the Mukden "Incident" of 1931, this office served as a clearing house for all American businessmen desiring to invest in Manchuria, then inviting foreign capital and initiative. This office was closed down in 1933, the commissioner, Mr. Christopherson, having been transferred to Shanghai.

Following closely the Americans, came the Soviet Russians, who, after the transfer of the C.E.R. to Japanese control, withdrew all their trading and banking enterprises, including even a Consulate-General in Mukden. At present, they have even not a single trading enterprise in Manchuria.

Recently, the Ministry of Finance of the Manchukuo Government conducted an investigation into the present condition of foreign enterprises in Manchuria, which revealed that nearly all of them were "hard up," being practically on the verge of liquidation. The withdrawal of the foreign capital may be seen from the following comparative figures showing the investments as they stood, respectively, at the ends of 1930 and 1935:—

Investments of Foreign Countries

	On Jan. 1, 1931	*On Jan.* 1, 1936
U.S.S.R.	Yen 590,000,000	Yen 8,332,000
Great Britain	330,000,000	18,019,000
U.S.A.	26,000,000	9,290,000
France	22,000,000	2,730,000
Sweden and Denmark	1,200,000	3,105,000
Total	Yen 672,200,000	Yen 41,476,000

Reporting these findings, the official *Kokutsu* news agency stated that the present assets of Yen 41,476,000, which relate to investments in North Manchuria alone, "are approximately twice the actual investment, owing to the rise in the prices of lands and buildings owned by these companies. However, their property will not actually yield such an amount, if they are disposed of."

The last sentence of the quoted statement fairly well indicates the present business policy of Japanese enterprises in Manchuria which appears to be to compel the foreign companies to close down and to buy up their assets—lands, buildings, machinery, etc.—at ruinously low prices. There are scores of such big enterprises, as the B.A.T. Company's Mukden factory, several flour and oil mills, and so on, now closed and whose machinery is allowed to rust pending disheartingly slow and lukewarm negotiations with their prospective Japanese buyers.

The way of treating foreign enterprises may be seen from the experience of the British-American Tobacco Co., which by all appearances is being gradually encircled by rival State-owned and financed enterprises so that the day seems to be not distant when the Company's factories, still working in Harbin and Liaoyang, will be compelled to stop operations preparatory to their being bought up by the "State"-chartered Japanese enterprises. Up till now, the Company has enjoyed a comparatively good business, about 70 per cent of all cigarette sales in Manchuria, but it will doubtless be cut short as soon as the "State" introduces the much talked about tobacco monopoly, in the manner existing in Japan and Korea, or, for all that, the oil monopoly of Manchukuo. The Manchuria Tobacco Company, organized recently as the future monopolist in the tobacco business and which, in reality, is a subsidiary of the Toa Tobacco Co., is building a huge cigarette factory at Changchun to be opened in August next. Its annual output is put at 1.5 billion cigarettes which, when combined with the Toa Company's annual production of 2.8 billion cigarettes, will raise the total production of the two Japanese controlled factories to 4.3 billion cigarettes, against 6.7 billion cigarettes, representing the total annual production of the B.A.T. Company's factories in Manchuria.

It is difficult to say how the Japanese will introduce the impending tobacco monopoly: by taking the business outright into their own hands, as they did in the case of the oil monopoly and despite strong protests of the Powers concerned, or will prefer a less open, but nevertheless equally efficient way of introducing it—by compelling the tobacco growers in Manchuria to sell their product only to the Manchuria Tobacco Company (this system works admirably well in cases of cotton and wool, also "State" monopolies). That such a course may be followed is evident from the present activities of the S.M.R., which renders financial and technical assistance to tobacco growers in the Fenghuancheng and Kirin districts, long known as the centres of tobacco growing in Manchuria. From this, it is not likely that the authorities will allow the producers to sell their crops on the open market.

How Foreigners Are Crowded Out

There is another well tried way of crowding foreign business out of Manchuria, by means of secret customs and freight rebates said to be widely practised now in case of Japanese imports. In the case of tobacco, it works as follows: being unable to secure a stock of leaf tobacco in Manchuria, the B.A.T. Co. has to import it from Shantung, paying the Chinese export duty, the Manchukuo import duty and the freight, all in full, whereas the Japanese companies have, it is said, the advantage of rebates payable, say, after a six months' period. The system works in the manner of the European Homeward Shipping Conference, which allows a 10 per cent rebate on certain shipments from the Far East to Europe, payable twice a year. It is said that this system is open only to certain Japanese shippers and in accordance with special contracts entered into with the S.M.R. authorities.

Discrimination against foreign business is especially apparent in the case of White Russians, as the least protected part of the foreign population of Manchuria. Whilst only a few years ago, Harbin, especially its European part, was a purely Russian city with the Russian capital and business flourishing, it is now more Japanese than any other town in North Manchuria. According to investigations carried out by the Japanese Chamber of Commerce and Industry of Harbin and made public on May 6, White Russians now own only 22 per cent of all commercial enterprises of Harbin, and North Manchuria generally, 33 per cent of all houses, 13 per cent of all agricultural establishments and 28 per cent of all industries.

This is disastrous indeed, for only four years ago, at the end of 1932, White Russians controlled about 60 per cent of all commercial enterprises of North Manchuria and nearly 75 per cent of all houses in the European part of Harbin. Where is this capital now? Real estates have mostly been sold to the Japanese, for, owing to bad business and general insecurity of living in North Manchuria, a well-to-do part of White Russians, to whom this region really owes its development, drifted southward, selling their properties for a mere song. The writer knows instances when houses in the business part of the city, originally valued at $50,000, were sold to Japanese for Gobi 8,000. A Gobi is a depreciated Chinese dollar.

The Japanese mortgage banks have proved to be relentless creditors. One of them, the "Totaku" (or the Oriental Develop-

ment Co., a semi-governmental institution) is doing a roaring business simply by attaching the mortgaged real estates of Russians and Chinese who were unlucky enough to secure loans from the company in the black years of business depression, in 1930-1932. One of such buildings, six stories high and owned by a White Russian general, formerly paymaster of Ataman Semeonov, and valued at Yen 2,000,000, changed hands for Yen 150,000 only, loaned at various times since 1923.

Much has been made of the participation of French capital in the economic development of Manchukuo, but in reality it turned out a bluff, pure and simple, for, instead of flowing in as trumpeted in the press, it is flowing out. The only French financial institution in the whole of Manchuria, the Harbin branch of the Franco-Chinese Bank, is in difficulties, following the suicide of its managing director, M. Buenovsky, White Russian, who at the same time was chariman of the Foreign Chamber of Commerce of Harbin. The bank is being liquidated, its depositors having so far received 70 per cent of their deposits.

All the reports circulated in the press about the arrival of French capitalists and their visits to Tokyo, Dairen and Changchun have turned out soap-bubbles, good only for propaganda; up till now, not a franc has yet been invested by these gentlemen, who appear to be shrewder than some people believed.

For some unknown reason, the officially controlled press is now conducting a violent campaign of mud-slinging at the Sungari Flour Mills, Ltd., a French enterprise, founded soon after the establishment of Harbin itself. The general purpose of these extremely irritating reports appears to be to show the black side of foreign extraterritorial rights in Manchuria during the Chinese administration, when under the protection of these rights unscrupulous foreigners, mostly Jews of French and American nationality, allegedly used to carry on nefarious business transactions. This campaign appears to be a part of movement to compel the extraterritorial Powers in Manchuria to give up their special rights in the manner of Japan, which is about "to renounce" these rights on July 1.

Judging by present indications, none of these Powers appears to be prepared to surrender these rights, although they have proved to be totally ineffective to preserve economic interests of foreign nationals as provided for in the Nine Power Treaty and similar agreements, embodying the principles of the Open Door and Equality of Opportunities in Manchuria, as part of China. Having converted Manchuria into a colony, where "independent" Manchukuoans at most hold only clerical positions, Japan may well afford "to renounce" her extraterritorial rights, for, with every executive position being held by a Japanese, these rights have really become empty words. In the meantime, foreign capital and initiative are flowing out of Manchuria and within but a year or two at most, the former Chinese North-Eastern Provinces will have become part and parcel of Japan, as is the case with Formosa and Korea.

Harbin, June 2, 1936.

Hopei-Charhar Political Council Demands All of Consolidated Taxes from B.A.T.

Refusing to pay the Hopei-Charhar Political Council monthly taxes on cigarette sales in North China, which are at present being remitted to Nanking, the British-American Tobacco Company is being threatened with closure of its factories by the Council. The amount involved is approximately $1,000,000 per month. The million dollars in question represents an agreed sum of consolidated taxes usually paid monthly to the Chinese Government at Nanking. Out of this one million dollars, the Nanking Government has been paying $250,000 to the Bureau of Consolidated Taxes for Hopei, Chahar, Suiyuan and Shansi provinces. It was intimated that the Council would seek to prevent further sales by the company if it continues to refuse the demanded payment. The B. A. T. has referred the matter to the British Embassy. It is believed that the demand points to an effort at complete tax autonomy in North China.

Raja Pratap Comes to China to Set Up Headquarters for "World Federation"

Raja Mahendra Pratrap, leading spirit of a movement known as "World Federation," came to Shanghai end of last week after a two-years sojourn in Japan. He had gone to Japan after having been deported from Canton on the ground that he was a Japanese agent. In an interview on arrival here he stated that he had decided to leave the Island Empire, as the Japanese authorities there had "frowned on his work." He stressed the point that he had not been deported. Mr. Pratrap made the statement in his publication *World Federation* recently that he was not "one of those who could call Japan the only free country or declare her as the only leader of Asia." He expressed the belief that this was one reason why the Japanese authorities had placed difficulties in his path. The Raja claims to be teaching his program of world peace without being the agent of any government. He is proceeding from here to Nanking, where he hopes to set up his headquarters, but if he does not receive support there he intends to return to Shanghai and make his headquarters here.

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Japan to Build Capital Ships to Compete with U. S. and Britain

The *Tokyo Asahi* June 6 stated that in order to cope with Britain and the United States, Japanese officials are busily engaged in drawing up a third naval replenishment program. While the first and second schemes dealt exclusivley with auxiliary vessels, the program now under consideration will contain provisions for the building of replacements for over-age capital ships. The new ships, will be designed to suit Japanese requirements and will probably contain startling innovations, as their displacement and armament will not be subject to treaty limitations. Total naval appropriations for next year, when this program probably will be started, will not exceed Yen 700,000-000, the *Asahi* claimed.

American Senators See Japan Exploding Over Eastern Asia

Senator Bone from Washington stated recently that "Japan is literally exploding over eastern Asia due to lack of population control and militaristic leadership. The Japanese will continue to spread over China until China organizes satisfactory control over her own affairs and is ready to repel the Japanese." Senator King from Utah commented:—"Japan will not cease her activities until she controls all Asia." Senator Key Pittman, from Nevada expressed the opinion that "as soon as we announce a program helpful to China, the Japanese will renew their attempts to intimidate China. China will postpone retaliation until Japan is involved in a war with Russia."

Japanese Shipyards Busy—No Foreign Orders to Be Accepted

Confronted with a deluge of domestic orders, Japan's shipbuilding industry is unable to accept foreign orders, a survey revealed June 6.

Baba Reiterates Intention to Pursue Low Interest Policy

Dr. Eiichi Baba, Finance Minister, June 6 reiterated his intention to pursue a policy of low interest and of exchange stabilization. Speaking before a group of bankers the Minister said that he would maintain the interest rate of 3.5 percent on bonds for some time to come and would avoid sudden changes calculated to precipitate financial confusion.

The *Tokyo Yomiuri* June 1 stated that it was decided at the Cabinet meeting on May 29, in accordance with the recommendation of Finance Minister Eiichi Baba, that in compiling the Budget for the next fiscal year the deplorable tendency heretofore in evidence for each Ministry to scramble for as much share of the Budget as possible be eliminated and that the outlines of the Budget scheme of each Ministry be fixed among the Cabinet members before turning the matter over to the officials in charge.

Finance Minister Baba Wants to Tax Colonies

A proposal to raise taxes in Japan's colonial possessions in the next fiscal year was made at the Cabinet meeting in Tokyo, June 2 by Dr. Eiichi Baba, Finance Minister.

Japan Nationalist Body to Be Dissolved

One of the most powerful nationalist organizations in Japan, the Kokuhonsha, will announce its voluntary dissolution middle of this month. The disbandment has been decided upon by the leading members of the organization in view of the resignation of Baron Hiranuma, the newly appointed President of the Privy Council and one of the creators of the society, from the presidency of the Society.

Hirota To Speak on Policies to Governors

Steps to be taken by the Government to carry out its promised reforms of national policies will be indicated next week by Premier Koki Hirota in an address to the nation's prefectural governors' meeting in Tokyo for a week on June 15.

Members of the special Committee for the Reform of Diplomatic Organs are busily engaged in their plan for a thorough reorganization of the Foreign Office before July 3, when the Cabinet meets to consider it.

Japanese Drug Firm to Cultivate Land in Peru

State support for the emigration of Japanese colonists to its vast land holdings in Peru was is being sought by the Hoshi Pharmaceutical Company, Ltd., one of the biggest concerns of its kind in Japan. The firm purchased in 1919 some 735,000 acres in Peru's forest belt for the planting of coca trees, from which cocaine is produced.

Ambassador Yureneff to Return to Russia on Furlough

Constantin C. Yureneff, Soviet Ambassador to Japan, is scheduled to return to Moscow on a three-months furlough, starting from Tokyo June 25. This will be the first trip of the Russian Ambassador to Russia since his arrival in the Japanese capital in March 1933. Japanese telegrams stated that Tokyo officialdom looked favorably upon Mr. Yureneff's visit as doubtless it would help Moscow officials to arrive at a better understanding of outstanding problems between Japan and the U.S.S.R.

Japanese to Boycott Australia—Look Elsewhere for Wool Supplies

Eastern markets are being closely scanned by Japanese wool interests in an effort to secure an uniterrupted supply of the staple following the impending imposition of a retaliatory licensing system against the Australian product.

Australia's refusal to withdraw her new tariff schedule, imposing prohibitive levies on Nipponese goods, was communicated on June 3 to Mr. Murai, Japanese Consul-General in Sydney.

Twelve representatives of the Dai Nippon Woolen Textile Industry Association are visiting China to investigate the prospects for the sale of woolens in Central China.

In a set of recommendations submitted to the Tokyo Ministry of Commerce, advisers advocated the spending of Yen 2,000,000 in one year to encourage the breeding of merino sheep in Japan and in Manchukuo so as to increase wool production.

Australian Wool and Wheat Prices Fall as Result of Japanese Pressure

A sharp fall in the Australian quotations on wheat, wool and beef tallow, as the result of the Japanese Government's tentative decision to invoke the Trade Safeguarding Law against the imports of Australian staples, was reported in a message received in Tokyo from Melbourne June 6. The message added that sheep-breeders, industrialists and traders are beginning an agitation to have the Canberra Government revise its new tariff rates, which the Japanese consider prohibitive.

A Tokyo message June 8 stated that economic warfare between Japan and Australia loomed inevitable as the Tokyo Government was informed that the Canberra authorities had announced that they would not modify their increase in import duties on silk, rayon and cotton piece goods proclaimed on May 22.

Gaimusho officials, admitting that the prospects for settlement were not bright, said the Government would await Canberra's reply before invoking the Trade Safeguarding Law.

Japan to Tighten Motorcar Law

The alleged attempt of American automobile producers having plants in Japan, including the Ford Company, to evade the provisions of the Automobile Industry Law, restricting foreign production of motor cars in the country, will result in modifications in the provisions of the Law, the *Tokyo Asahi* reported June 4. The law, which at present applies to plants with an aunual production of 5,000 cars, will be changed so as to cover plants producing 2,000 or 3,000 units. Such a change, the *Asahi* said, would prevent American capital from acquiring smaller Japanese plants. The paper said that the change in the Government's attitude was caused by the discovery that the Ford Company of Yokohama was planning to acquire two plants producing 4,000 cars each, or 1,000 below the limit which would make the factories subject to the law, passed by the 69th session of the Diet.

British Barracks in Tientsin Take Special Precautions Against Japanese

A Tientsin message to the *Shun Pao* June 6 stated that special precautionary measures were being taken by the British military authorities there against any possible attack by the Japanese. It was rumored that the Japanese intended to take drastic action against the British barracks in connection with the alleged murder of a Japanese army man.

Italian Bank Manager Put on Trial in Local Consulate for Frand

The trial was commenced at the local Italian Consular Court June 9 of V. Pinto, Italian manager and director of the Pinto Bank, exchange and loan institution, on a charge of fraud arising out of an insurance claim. Last October 14 the Pinto Bank at 166 Nanking Road was burglarized of $63,000 in cash and jewelry. A local insurance company refused to pay over insurance money on claim, and police investigated the alleged robbery. Action was instituted in the British Supreme Court against the insurance company to secure payment of the insurance, but was later withdrawn.

W. J. Richmond, who examined the bank's books when their claim was being checked, said he found many things which gave rise to doubts in his mind. An item for $6,000 had been altered to another name, N. Riato. Doubts as to this item were strengthened when it was found that no attempt had been made to collect the money, although it was long overdue. It also appeared that, from the time Pinto effected the insurance, an entirely different system of recording cash transactions had been used.

Financial Experts Regret Large Purchases of Foreign Exchange

Financial experts in Nanking expressed regrets June 6 at the large purchases of foreign exchange by selfish merchants in Shanghai as these transactions were considered unwarranted by actual needs. It was pointed out that while the three government banks should continue buying and selling foreign currencies as usual, investigations should be instituted by the government into the present feverish buying of foreign exchange. Such investigations were deemed necessary in order to prevent the outflow of Chinese capital.

The Shanghai *Nichi Nichi* June 6 stated that much significance is to be attached to the secret conference held between T. V. Soong and Dr. H. H. Kung on June 3. It is intimated that, for the purpose of balancing the exchange, the Chinese Government bank are preparing to withdraw their reserve funds from the foreign banks, including the Japanese banks.

Emergency Law to Be Invoked Against Money Market Manipulations

Any one found guilty of manipulating the monetary market to depreciate the legal tender notes will be punished in accordance with the Emergency Law for the Punishment of Individuals Endang ring the Safety of the State, it was announced by the Generalissimo's Provisional Headquarters in Nanking June 5.

Legislative Yuan Approves Sixty Million Dollars Chekiang Consolidation Bonds

Regulations governing the issuance of the $60 million 25th Year Chekiang Provincial Consolidation Bonds, together with its table for amortization of principal and interest were adopted by the Legislative Yuan June 5.

National Revenue of $37,290,000 Collected in Kwangtung

According to the budget of the National Government for the fiscal year ending on June 30, 1936, a total of $57,350,000 in national revenues should be collected in Kwangtung Province. According to the authorities, so far, only $37,290,000 have been collected. The failure on the part of the authorities to collect the remaining $20,000,000 in Kwangtung makes the financial condition of the National Government most difficult this year, a recent message to the *Ta Wan Pao* stated.

Nanking Bankers to Have Clearing House

Beginning from July first next, the Nanking Bankers Association will have its own clearing house modelled after a similar institution in Shanghai, it was announced in Nanking, June 4. The growing volume of mutual transactions between the banks, it is said, has necessitated the early inauguration of a central clearing house to handle the over $2 million settlement daily.

According to the regulations of the clearance house which have already been adopted, local banks desiring to join the institution are required to deposit with it a sum ranging from $5,000 to $20,000. There will be two clearances every day on week days and one clearance on Saturdays.

China's Budget Balanced at $1,015,658,450

The National Budget estimates for the new (25th) fiscal year (July 1, 1936-June 30, 1937), balanced at $1,015,658,450, which were approved by the Central Political Committee at its 15th meeting June 3, have been referred to the Directorate-General of Budgets, Accounts and Statistics through the National Government for compilation into the general budget.

Two More Shipments of Silver to the U.S.

Approximately $24,000,000 in Chinese dollars was shipped to the U. S. in the ss. *President Taft* which sailed from Shanghai June 6. This is the second consignment of silver to leave China following the conclusion of the monetary agreement in Washington between the Chinese delegates and the Treasury Department.

Another heavy load (third shipment) of silver destined for the United States was taken by the s.s. *General Sherman* sailing out of Shanghai June 9 for Portland, Oregon, the amount being approximately $4,725,000.

Kiangsi to Issue Treasury Notes—and Mortgage Them

At a meeting held in Nanchang June 6, the Kiangsi Provincial Government decided to issue treasury notes instead of bonds to meet the deficit of the provincial government. About a million dollars worth of notes will be issued and these notes will be mortgaged with banks for cash.

The Provincial Bank of Kwangtung has decided to supplement its capital by $17,000,000. All notes which have not yet reached the market are being transferred into the hands of the Legal Tender Notes Supervisory Committee for safe keeping. The "big money" currency rate will be specially fixed.

Normal Business Impossible in Canton Owing to Parlous Financial Situation

Telegrams from Canton during the week stated that normal business in Canton is impossible owing to the parlous financial situation. Importers have ceased buying from Shanghai or Hongkong and the future course of the markets depends on political developments. Canton dollars were quoted June 9 at 1,782 per thousand Hongkong dollars.

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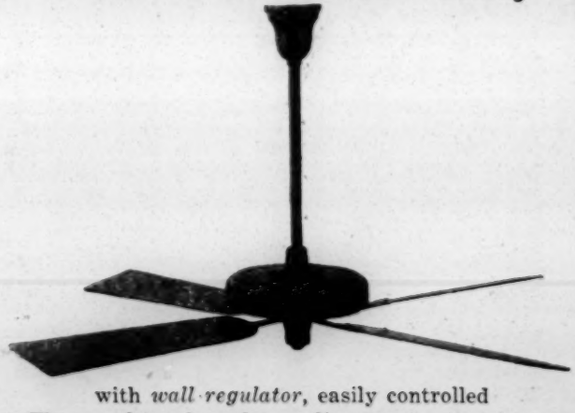

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Twenty-Three Kidnapped and Two Killed in Bandit Attack in Manchuria

Two policemen were killed and two others wounded in a bandit attack upon a North Manchurian village on June, 2 a special message to the *Tokyo Asahi* reported June 5. Following the attack, the bandits retreated, taking with them a schoolmaster, 19 pupils and three workmen.

A Changchun message to the *Shun Pao* June 9 stated that more than 500 anti-Japanese volunteers under the command of Yen Shang-tang launched a surprise attack against the Japanese and Manchurian troops at Monkiang district in the Antung province June 6. Three Japanese officers were killed and seven wounded in a three hours' battle.

Two Policemen Killed in Korean Bandit Attack

Two policemen were killed and two others wounded in a surprise bandit attack on Sekikeishi, a town in Heian Hokudo, North Korea, June 2. The outlaws entrenched themselves upon a nearby hill, from which they successfully resisted the onslaught of the police force.

New Firm to Promote Korean Migration to Manchukuo

Establishment of the Korea and Manchukuo Development Company, Ltd., a Yen 20,000,000 concern whose object is to encourage Korean emigration to the new Empire, was gazetted by the Korean Government-General June 5. The new company will undertake the management of enterprises catering to emigrants and will give financial aid to new Korean settlers in Manchukuo. The shares of the new concern can be held only by subjects of Japan and Manchukuo. The company, whose term of existence is tentatively limited to thirty years, will be authorized to issue debentures.

Privy Council Approves Extrality Agreement

After months of continuous deliberations the Tokyo Privy Council June 3, in the presence of the Emperor, unanimously approved the draft agreement for Japan's gradual renunciation of extraterritorial rights in Manchukuo.

Manchukuo Will Also Control News Sources

A *Domei* message from Hsinking to the Tokyo *Nichi Nichi* June 2 announced that Manchukuo will also control news in future, for which purpose the *Koho Kyokai* has been organized. It was stated that the new organization will "plan the healthy development of the press in Manchuria."

Manchukuo Minister of Communications on Visit to Japan

Li Shao-keng, Manchukuo Minister of Communications, arrived in Tokyo, this week, accompanied by his wife and suite. They were given a warm welcome on their arrival at Moji June 7 by representatives of the local government and public bodies and hundreds of school children. During his stay in Japan the Hsinking Minister will study Japan's communications system and, according to *Domei*, "will seek to cement the existing relations between Japan and Manchukuo."

New Governor of Bank of Manchuria Arrives in Hsinking

Tetsusaburo Tanaka, former manager of the Osaka branch of the Bank of Japan, arrived in Hsinking this week to assume the post of governor of the official Bank of Manchuria.

S.M.R. Legal Loan Limit to Be Extended

Permission to the South Manchuria Railway Company to extend its legal debenture limit, to enable it to borrow some $300,000,000 in the current fiscal year, was gazetted by the Tokyo Government June 5. Under the terms of the Imperial Ordinance which has been gazetted the borrowing limit of the firm will be extended from the present Yen 1,168,000,000 to Yen 1,312,000,000 in 1937.

The *Tokyo Jiji* June 2 stated that the new railway construction plans of the South Manchurian Railway Company commissioned by the Manchukuo Government will be completed with the end of the third plan in accordance with the schedule made at the time of the founding of Manchukuo. By the end of the 1937 fiscal year the lines under S.M.R. management will amount to over 40, representing a total length of 8,000 kilometers. The S.M.R. recently decided on formulating a fourth construction plan, a draft of which was taken to Tokyo by Mr. Usami, director of the S.M.R., and Mr. Sato, director of the construction bureau of the S.M.R. It is planned that in a five-year program 400 to 500 kilometers are to be constructed each year with an appropriation of $200,000,000 covering 2,500 kilometers altogether.

Commerce Report Says Few Opportunities for Americans in China at Present

Limited commercial and professional opportunities for Americans in China were emphasized by the U.S. Department of Commerce in a survey of Far Eastern economic conditions issued in Washington June 8. The limitation of opportunities, the Department reported, is partly due to the increasing number of technically-trained Chinese who are qualified to hold executive and specialized positions. The survey emphasized the comparative excellence of living conditions in Shanghai, but said that there was virtually no chance for new employment of Americans.

Soviets Develop Arctic Sea Route with 130 Steamers

Preparations are being made on a large scale for Arctic navigation in 1936. Over 130 steamers will be employed in the Arctic routes. The freight turnover will be increased 87 per cent, in comparison with 1935. The steamers *Vanzetti* and *Iskra* will proceed on a through voyage from east to west along the Great Northern Sea Route. Operations on the Lena River and Tixy Bay are being considerably extended. Eight steamers will sail with grain and various industrial goods and machines.

The Council of Peoples Commissars of the USSR has approved the composition of a council numbering 59 members to be attached to the Chief of the Administration of the Northern Sea Route (Academician Otto Schmidt.)

Manchukuo Party to Survey Soviet-Mongol Borders

Four surveying parties, each consisting of 15 men, will depart from Hsinking, on or about June 20 to survey Manchukuo's borders with Soviet Russia and Outer Mongolia. The Hsinking authorities are notifying the Soviet Government of the expectition in advance so as to prevent misunderstandings.

Japan Official to Visit Moscow Regarding North Saghalien Oil Fields

Masazo Sakonji, the newly elected president of the Japan Petroleum Company, is scheduled to proceed to Moscow shortly in order to negotiate with the Soviet Government on the prolongation of the prospecting period in Japanese-owned oil fields in Soviet (North) Saghalien.

Japanese Government to Guarantee North Saghalien Oil Co. Debentures

The Tokyo *Kokumin* May 30 stated that, on the ground that the North Saghalien Oil Company is engaged in an enterprise which is very important for enforcement of national policy, the Governmet has offered to guarantee payment of principal and interest for the forthcoming Yen 3,000,000 debenture issue of the company. This is the first time the Japanese Government has given guarantee for a company's debenture issue.

Tokyo Protests Soviet Radio Interference

A protest against the interference of the Soviet broadcasting station in Khabarovsk with the broacast of the Japanese station Joak, was lodged by the Tokyo Ministry of Communication with the Soviet Government June 8. The step was interpreted as an effort to forestall interference with the broadcasts of a 150-kilowatt station to be opened by the Ministry next spring.

Marshal Blucher Visits Komomolsk—Ocean Port for Habarovsk

The Commander of the Special Far Eastern Red Banner Army, Marshal of the Soviet Union Blucher, visited Komomolsk on the Amur for a few days this week and inspected the construction work in progress throughout the city. The first stone building in said city, situated at the head of oceam navigation a short distance down the river from Habarovsk, was laid June 12, 1933 by Blucher and the young Communist, Aleksey Smorodov. The city already has hundreds of buildings, large enterprises and wide streets.

A.A.U. Earned Profit of $118,691 Despite Many Unremunerative Investments

The American Asiatic Underwriters, Federal Inc., U.S.A., earned a net profit last year of $118,691.41, it was stated by C. V. Starr, chairman of the Board of Directors, in the annual report read before the stockholders' meeting in Shanghai May 20. Mr. Starr said one of the Company's most important investments, the shares of the Asia Life Insurance Company, had earned approximately $300,000 or $7.50 per share, but the need to write off investment losses, principally deposits and securities in the Raven group of companies (now entirely written off) totalling about $400,000, prevented payment of dividends to shareholders. The International Assurance Co., Ltd., in which the A.A.U. has a large investment, paid no dividend during the year. Its profit from 1934 operations was considerable, but declining security values necessitated strengthening the reserves, Mr. Starr stated. The Compagnie Franco-Americaine d'Assurances had had an unfavorable year with a probable net loss from operations and adjustments. During the year the American-Asiatic Underwriters transferred its French Indo-China organization to the Compagnie Franco-Americaine d'Assurances. The Metropolitan Land Company suffered from declining values and rents, and in 1935 for the first time failed to pay a dividend. Most of the A.A.U.'s other investments, including shares in the *Post-Mercury* Company, Motor Management & Finance Company, United Property Investments and International Investment Trust, paid no dividend during the year. Shares in the China Engineers Ltd. were an exception to the rule. They continued their unbroken record of dividends, paying 8%. The American International Underwriters for P.I. also earned and paid the customary 20%.

Police Stop Glee Club from Singing "Salvation Songs"

Considerable commotion occurred at the Public Recreation Ground at West Gate, Nantao (Shanghai suburb), at about 10 o'clock a.m. last Sunday morning, when about 700 members of the Mass Glee Club attempted to hold a well-advertised meeting to sing "National Salvation" songs.

The West Gate branch of the Public Safety Bureau had received instructions the previous night to prevent the meeting as the Society had not been registered with the proper government office. So the West Gate Branch sent about 80 officers to the Public Recreation Ground and persuaded the gathering to disperse. Meanwhile a rumpus was caused by one of the assembled group shouting that one of their number had been arrested.

According to the version given by Bureau's officer, when the officers of the Public Safety Bureau arrived, several persons in the gathering shouted "Down with Police." The crowd then proceeded to the West Gate Branch and demanded the release of their arrested comrade.

The crowd sent two delegates to interview the chief of the West Gate Branch and presented two demands: the release of the arrested man, or the signing of a paper guaranteeing that there had been no arrest. The chief told the delegates that no one had been arrested, but the crowd refused to disperse, singing and yelling in front of the gate of the building until about 1 p.m. However, the crowd eventually dispersed. Some of the participators having intimated that the meeting had the support of the Y.M.C.A., K. Z. Loh, General Secretary of the Shanghai Y.M.C.A., made a statement that the meeting held at the Public Recreation Ground was not authorized by the Y.M.C.A. or held with its consent or concurrence.

Fuh Tan Students Go on Strike

As a protest against the Japanese activities in the north, a majority of the 1,500 students in Fuh Tan University went on strike June 10. In a manifesto the students said that Japanese militarists were bent on the conquest of China, and the whole nation should rise as one man against them. The manifesto assailed the wholesale smuggling of goods and the increase of Japanese troops in the north, and protested against large areas being forcibly taken away from farmers for the construction of airdromes and barracks.

The Hopei and Charhar Political Council June 3 issued an order forbidding student strikes. The penalties to which students who go on strike are liable include arrest, and expulsion from the schools or universities to which they belong.

A strike of all university students in Shanghai had been proposed after the demonstration of Chinese students in the north, but it failed to materialize, owing to strict precautionary measures by the authorities. The students of the Fuh Tan University thereupon decided to suspend classes as from Monday night. A movement was later started to urge students of other universities to join the strike.

Tientsin's students, who went on three-day strike as a protest against the increase of the Japanese garrison in North China, employed their leisure by delivering "anti-Imperialist" lectures in various parts of the city to all who cared to listen to them.

Students of the Peiping Normal College and the Northeastern University returned to classes June 2. Students of the Tsinghua and Yenching Universities returned June 4.

Chinese Students to Be Sent to France

A decision was made by the Chinese members of the Sino-French Educational Foundation in Nanking June 6 to send from 10 to 16 Chinese students to study in French universities next year.

Essay Contest for College Students to Tour Northwest Provinces

The *Illustrated Week-End Sporting World*, published at 25 Rue du Consulat, Shanghai, announces an essay for the purpose of selecting three college students to tour the Northwest provinces. The winners will be taken to Sian and Lanchow on airplanes of the Eurasia Aviation Corporation. A program of conferences and observation will be prepared so that the student travelers will be able to appreciate the beauty and importance of this vast and rich area of China.

Middle School Teachers to Enter Summer Schools

Teachers of arithmetic, geography, science, history and English in various middle schools are required to enter summer schools for training, according to orders issued June 8 by the Ministry of Education to various provincial and municipal educational departments and bureaus.

In the course of an address to the Metropolitan Lecture Club at the auditorium of the University of Nanking June 1 Gen. Chiang Kai-shek, President of the Executive Yuan, advised that college students should utilize their summer vacation to go to the country to apply what they have learned in practical work.

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Rayon and Cigarette Paper Smuggling Increases

An increase in the volume of smuggled rayon and cigarette paper which entered Tientsin through the so-called demilitarized zone was reported for the week from May 25 to 31 inclusive as compared with the previous seven days. According to statistics released by the Tientsin Customs authorities, a total of 2,526 bags of rayon and 613 bags of cigarette paper were smuggled into Tientsin during the week under review, as compared with 2,122 bags of rayon and 173 bags of cigarette paper for the week previous.

A total of 2,004 bags of sugar was smuggled into Tientsin June 5 and 6. Instead of being transported by the Peiping-Liaoning Railway as has usually been the case, the contraband was shipped by motor launches from the coast and landed at wharves.

A report issued in Tientsin June 7 by the Tientsin Customs, showed that the amount of smuggled goods during the month of May was four times that of commodities imported through legal channels. According to the report, goods smuggled into North China in May amounted to more than 50,000 tons, while those imported through the Customs only aggregated 13,100 tons.

Large quantities of smuggled goods are being sent to Szechuen province from Tientsin in small packages by mail, according to advices from Chengtu.

Arti-smuggling inspection offices have been established at Pengpu, Tsinan and Hsuchow along the Tientsin-Pukow Railway, according to Li Tung-hua, deputy-director of the Anti-Smuggling Bureau, set up by the Ministry of Finance.

Despite rigid measures taken by the Customs authorities to prevent the inflow of smuggled goods into the interior, contraband articles have continued to filter into cities along the Tientsin-Pukow and Tsinan-Tsingtao Railways during the past week, according to information received in Nanking June 9.

In an attempt to stop the practice of smuggling artificial silk in large quantities by the Japanese and Koreans in North China, the Shanghai silk manufacturers' Association has decided to organize a special committee for the inspection of smuggled artificial silk.

The Ministry of Finance, in a telegram sent to the Kiangsu Provincial Government June 6, lauded the efforts made by the Hsuchow and Changchow district authorities in checking smuggling during the past few weeks.

In a telegram to the Executive Yuan and the Ministry of Foreign Affairs, the Shanghai Chamber of Commerce June 3 deplored the actions of the Japanese authorities in increasing of Japanese troops in North China and in the interfering with the preventive measures against smuggling of the Chinese Customs.

Four regiments of salt revenue police of the Kwangtung Provincial Government have been despatched to Swatow to stop the practice of smuggling.

On charges of smuggling, one Japanese subject was turned over to the Japanese Consulate-General in Nanking June 3. He was arrested together with a Chinese accomplice (Chang Shih-chang), who is being tried at Nanking.

Institute of Pacific Relations Council Issues Report

The American Council of the Institute of Pacific Relations in a survey published in New York, June 6 stated that the Chinese Government at present is losing approximately one-third of its normal customs revenues as result of large-scale smuggling. If the smuggling continues at the present rate, according to the opinion expressed in the Council's name, the Government faces paralysis in many of its functions through the demonstrated inadequacy of its chief source of financial support.

Osaka Traders Want Lower China Tariffs

The urgent necessity of lowering its tariff duties by the Nanking Government to check smuggling was emphasized June 3 by leading Osaka traders, during a round-table discussion with Kazue Kuwashima, director of the Gaimusho's East Asiatic Affairs Bureau, who made a brief stop at Osaka en route to Manchukuo and North China.

Japanese Retired Officers Engage in Smuggling

A Swatow message to the *China Times*, June 8 stated that more than 2,000 Japanese retired officers have been sent to Foochow, Amoy and Swatow in the past few weeks to carry on smuggling in South China.

The Naive Argument of the Tokyo "Nichi Nichi"

The Tokyo *Nichi Nichi* alleged that the Chinese are taking advantage of the smuggling situation to propagandize that the smuggling is being done under the instigation of the Japanese authorities. Externally, the *Nichi Nichi* alleged, instigating Great Britain, the United States and Soviet Russia to anti-Japanese action, and internally the Nanking Government is using the smuggling and Japan's increase in her military strength in China as weapons for furthering anti-Japanese campaigns.

Both Britain and the United States it was stated, had fallen victims of Chinese propaganda, and forming a common front against Japan and protesting to Japan against the smuggling, been circulating propaganda against Japan, alleging that Japan is adopting a policy of aggression in China.

The *Asahi* concluded by saying: "It appears that Foreign Minister *Arita* has decided to guide the Chines side to exterminate the present undesirable state by giving consideration to the foregoing points and giving China some good policy to take. It is regarded as certain that Kazue Kuwashima, chief of the East Asia Bureau, who recently proceeded to North China, is on a special mission to adjust the smuggling issue."

Prof. J.L. Buck Denies Being Entrusted By U.S. Government to Probe Smuggling

Prof. J. L. Buck of the Department of Agriculture at the University of Nanking June 6 refuted press reports to she effect that he had been entrused by the United States Government with the task of investigating the smuggling situation in North China.

Dr. Kung Asks Help of Generals Shang and Han in Smuggling Prevention

Dr. H. H. Kung, Minister of Finance June 9 addressed telegrams to both Gen. Shang Chen, Chairman of Honan, and Gen. Han Fu-chu, Chairman of Shantung, asking them to render effective help to the Customs officials in checking smuggling activities in their respective provinces. The Head Office of the General Anti-smuggling Bureau, with E. N. Ensor, Preventive Secretary of the Customs Inspectorate General, as the Director, will be temporarily established at Nanking.

Washington "Post" Calls Attention to Japan's Repeated Violation of Pledges

Clear violation by Japan of her repeated pledges to observe the open door policy in China was seen by the *Washington Post* in an editorial on May 30. Said journal commented that the situation is alarming not only to China, but also to the many nations which do business with China. "China," it says, "loses revenue, while American and British exporters face ruinous competition."

Huainan Railway Formally Opened--- Said Cheapest Ever Built

Reputed to be the cheapest line ever constructed in China, the Huainan Railway was formally opened to traffic at a ceremony held in Wuhu June 5 under the auspices of the Railway Administration, which also marked the sixth anniversary of the opening of the Huainan Mines. More than 300 Party and Government officials and representatives of public bodies attended the ceremony, which was held at Chiulungkang Station, in north-western Anhwei. The occasion also marked the commemoration of the 6th anniversary of the establishment of the Huainan Mining Administration. The railway, which runs through the northern part of Anhwei for a distance of 215 kilometers, has been constructed for the primary purpose of transporting coal roduced in the Huainan mines. The line was constructed at a total cost of $8,900,000, or about $20,000 per kilometer.

Passenger Trains on Canton-Hankow Railway to Start Running in September

Passenger trains on the recently completed Canton-Hankow Railway are announced to begin running from September 1. A formal inauguration ceremony will be held on October 10. It has also been decided to erect a repair workship at Saichuen, in the suburbs of Canton.

Tsinan-Kaifeng Railway Proposed

A proposal that a railway be built along the southern embankment of the Yellow River to link Tsinan, capital city of Shantung, with Kaifeng in Honan was contained a telegram jointly addressed by the people in Shantung and Kiangsu to the two provincial government concerned last week.

The Legislative Yuan at a meeting this week adopted the regulations governing the £1,100,000 loan concluded between the Shanghai-Hangchow-Ningpo Railway and the British and Chinese Corporation and the China Development Finance Corporation for the completion of the line.

A set of Provisional Measures governing the expropriation of land for the construction of railways jointly submitted by General Chiang Tso-pin, Minister of Interior, and Chang Kiangau, Minister of Railways was approved by the Executive Yuan at its meeting in Nanking June 2.

Fifteen Thousand Workmen Push Southern Extension of Kiangnan Railway

Fifteen thousand workmen are being employed on the southern extension of the Kiangnan Railway from Hsuancheng to Chuchow in Chekiang along the Hangchow-Yushan section of the Chekiang-Kiangsi Railway. The construction work, which began on June 6, is to be completed in one year, linking Anhwei and Chekiang by rail.

Who's Who in China

徐鴻賓
Hsu Hung-ping

Hsu Hung-ping, customs official; born at Wuhsing, Chekiang, 1888; was graduated from the Department of Political Science and Economics of Shansi University and made a "Chu Jen" Scholar under the Manchu regime; has successively served as superintendent of customs at Lungkow, Shantung; salt commissioner of Ho-Tung, Shansi; superintendent of Customs at Fengyang, Anhwei; director of the Native Customs Bureau in Anhwei; special commissioner to Kiangsi of the Salt Gabelle of the Ministry of Finance of the National Government; member of the Government Properties Bureau of Hopei and Jehol; director of the Parcel Posts Tax Bureau of Hopei; counsellor of the Peiping Political Council; new superintendent of the Native Customs at Wenchow; address: Customs House, Wenchow, Chekiang.

徐鴻賓，年四十八歲，浙江吳興人，畢業於山西大學政治經濟科，前清舉人，歷任龍口關監督，河東鹽運使，鳳陽關監督，皖岸榷運局局長，國民政府財政部鹽務署江西特派員，河北與熱河官產總處委員，河北全省郵包稅局局長，行政院駐平政務整理委員會參議，現任甌海關監督，通訊處：浙江溫州甌海關監督公署。

Dillenz Murder Investigator Says Robbery Not Motive

The Ministry of Education has addressed a telegram to General Shang Chen, Chairman of the Honan Provincial Government, requesting that efforts be made by the responsible provincial authorities to effect the early arrest of the assassin of Dr. A. Dillenz, German professor of the Honan University, who was murdered in Kaifeng last week.

A message from Kaifeng June 6 stated that the Honan provincial government had reiterated instructions to the Public Safety Bureau for an early arrest of the murderer of Dr. Dillenz.

Germany will not make any demands on the National Government concerning the murder of Dr. Dillenz, according to information from the German Embassy, at Peiping. Dr. Mohr, Embassy secretary, who is now investigating the case, has expressed the opinion that robbery could not possibly have been the motive behind the murder, because Dr. Dillenz' wrist watch and a gold ring, estimated to cost over $1,000, were not taken from the body. Dr. Dillenz, Dr. Mohr's report stated, was not conversant in the Chinese language, and his salary was paid by the German university which sent him to Hanan.

A cash reward of $500 has been offered by the Honan Provincial Government for the apprehension of the murderers of Dr. Dillenz. Two suspects were taken into custody and questioned by the Kaifeng Police early this week. Those arrested were a ricsha puller who had been recently discharged by the deceased, and also his wife. The body of the late Dr. Dillenz was taken to Peiping for burial.

The murder of this German professor recalls the disappearance of Basil Riley, special correspondent for the *London Times* in the same neighborhood nine years ago. Mr. Riley had gone to Honan province in the summer of 1927 to report the situation. In the latter part of July he set out one morning from the Y.M.C.A. at Chengchow (situated about 100 miles southeast of Kaifeng) to keep an appointment. That appointment he never kept and no trace of him was ever found despite the fact that the British Embassy at Peiping send an investigator to the spot. It is generally believed that he was murdered by order of high officials in that province who did not wish an independent investigation made of happenings in that province at that time; 1927 was the year of the Nanking incident. Honan at that time was temporarily under control of the Kuominchun, or military organization of Gen. Feng Yu-hsiang.

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Men and Events

Robert Byron, British journalist and traveller, after spending several months in Peiping, returned to Europe last week.

R. Angelone was appointed June 3 as Commercial Attache to the Italian Embassy in China.

Chu Hsueh-fan, Chao Pan-fu and Yao Ting-chen, China's delegates to the forthcoming 20th session of the International Labor Conference, arrived in Geneva June 2.

The death occurred in Kuala Lumpur June 3 of Dr. J. S. Webster, who was born in Shanghai. He was in charge of a group of estates at Banting, near Klang.

The Executive Yuan has instructed all municipal and hsien governments to operate a number of public pawn shops in their respective areas, charging a low rate of interest.

Admiral Orrin G. Murfin, Commander-in-Chief of the United States Fleet in Asiatic Waters, returned in Shanghai this week on the U.S.S. *Augusta* after several weeks' visit to Japan.

The annual meeting of the Shanghai University Club will be held at the American Club June 16, 12.15 p.m. Col. Charles F.B. Price of the U.S. Marine Corps will make the principal address.

Miss Anna N. Tchaikovsky of Shanghai and Clifford George Evans of the National Aniline and Chemical Company were married at the U.S. Consulate General in Shanghai by Judge Helmick June 4.

A stone tablet 13 feet high weighing twenty tons will be presented by the Chinese gaduates of Harvard University on the occasion of the 300th anniverary of the founding of their alma mater next September.

Forty-two couples were united in marriage in Nanking June 9 at a mass wedding ceremony. Most of the bridgerooms are in the Government service. Ma Chao-chun, Mayor of Nanking, officiated.

Under the auspices of the National Child Welfare Association of China, of which Dr. H. H. Kung is Chairman, the 2nd National Child Welfare Conference will be held at Tsingtao from July 14 to 18.

Dr. Cheng Tien-fang, the first Chinese Ambassador to Germany, proceeded this week from Berlin to Frankfurt-on-the-Main where he will inaugurate the new Chinese Museum on the premises of the Chinese Institute, June 13.

J. K. Caldwell, U.S. Consul General, and Mrs. Caldwell returned to Tientsin last week from Tsingtao where Mr. Caldwell has been spending ten days recuperating after his recent attack of para-typhoid.

As a means of effectively eradicating foot-binding among the childern of peasant families, the Shantung Provincial Government has issued an order forbidding men to marry women with bound feet after January 1, 1937, under threat of severe punishment.

The death occurred at the Presbyterian Hospital in Shuntehfu, (Singtai), Hopei province May 26, at the age of 36, after an attack of typhus fever, of Claude H. Thomas of the China Inland Mission. Mr. Thomas was born in the state of Michigan.

John B. Sawyer, U.S. vice-consul, departed from Shanghai last week for a vacation in America, accompanied by his wife and daughter, Josephine. Until their return to Shanghai about September 15, they will spend their time at San Jose and Waterford, California.

Miss Jean Fuchs, formerly of Mukden and recently of Tientsin, was married to W. H. Mimbs at the American Consulate General in Tientsin May 26 by Judge Milton J. Helmick. Mr. Mimbs is associated with the Rin Tai company. He comes from Dublin, Georgia.

Wooster College (Ohio) recently offered to confer an honorary degree on Dr. Mei Yi-chi, President of Tsing Hua University. Dr. Mei is understood to have replied to the offer that he could not attend in person to receive the degree, owing to pressure of business in Peiping.

Catherine, daughter of O. M. Green former editor of the *North China Daily News* (Shanghai) was married in London June 2 to F. W. Toller, an electrical engeneer. The health of the couple was proposed in a speech by Quo Tai-chi, Chinese Ambassador to England.

Cyrus H. McCormick, retired chairman of the International Harvester Co., died from heart disease at Lake Forest, Ill., June 2, at the age of 77. In 1917 he was a member of the special diplomatic mission sent by the United States to Russia and also had visited in China.

Miss Kathryn Stevens, daughter of B. L. Stevens of Salem, Oregon, was married to Robert Edward Shean, assistant manager of the Shanghai office of the American Asiatic Underwriters, by Dr. Emory Luccock, pastor of the Shanghai Community Church June 9.

President Roosevelt June 3 nominated for the rank of Brigadier-General in the United States Army Col. Lorenzo Dow Gasser, former commander of the 31st Infantry at Manila, who headed the American Army units dispatched to Shanghai during the Sino-Japanese incident of 1932.

Dr. and Mrs. Arthur Young gave an "at home" at their residence, 7 Route Francis Garnier, Shanghai, May 31. They will proceed to Europe on the s.s. *Sharnhorst* June 23. Dr. Young is a financial adviser to the Chinese Government.

The Chinese community at Honolulu is raising a fund of $8,000 for new buildings for the Palolo Chinese Old Men's home located in the outskirts of said city, which present houses 208 aged Chinese. It was originally established by the Territorial Government with some assistance from private sources.

Edward Bingshuey Lee, former editor of the *Peiping Leader* and now editor of the *Chinese Republic*, has been appointed Chief of the Foreign Affairs Section of the International Publicity Department of the Central Kuomintang Headquarters, replacing Huang Jui-tang, who has been transferred to another post.

The many friends of Chang Shao-ling, prominent industrialist and a member of the French Municipal Council, are planning a huge celebration for him on the occasion of his sixtieth birthday June 22. A large number of National Government officials headed by Gen. Chang Kai-shek are sponsoring the celebration.

Miss Hsieh Wan-ying (pen-name Ping-Hsin, now Mrs. Wu Wen-tsao), well known Chinese woman writer, departed for the United States on July 14 aboard the *President Coolidge*. Miss Hsieh is Professor of Chinese Literature at Yenching University, Peiping, and an American-returned student. She is the author of a large number of short stories and prose.

Dr. Wei Tao-ming, former Mayor of Nanking, is a patient in a Peiping hospital, Gen. Chen Tiao-yuan, former Chairman of Anhwei and now head of Bureau of Military Counsellors in Nanking, will also take medical treatment, in the former capital. Pan Fu, former Premier in the Peking Government, is likewise reported to be seriously ill in a foreign hospital in Peiping.

Fritz Shick has been appointed General Manager in the Far East of the China Foreign Trade Corporation. Mr. Shick has been identified the activities of Hugo von Lustig, European financier. William P. Hunt, Chairman of Foreign Trade Corporation and the China Foreign Steamship Corporation, departed end of last week on an extensive business tour of the United States.

The death occurred in Shanghai June 3 at the age of 40 from pernicious anemia, of Hu Meng-chia, general manager of the National Industrial Bank of China and director of the National Treasury attached to the Central Bank. Mr. Hu was a graduate of Birmingham University, returning to China in 1912. He leaves a wife, five sons, six daughters, and five brothers, his eldest son being 21 years old.

Mr. and Mrs. George A. Fitch gave a farewell party in the garden of their home in Hungjao Road June 4. They are leaving in the near future for a vaction in Tsingtao. Mr. Fitch, who is retiring as general secretay of the Foreign Y.M.C.A., in Shanghai and will later carry on Y.M.C.A. work at Nanking, and Mrs. Fitch, were given a farewell dinner by the members of the Foreign Y.M.C.A. Chinese staff at the Great Eastern Restaurant June 3.

According to statistics recently compiled by the Overseas Affairs Commission, there are now more than seven million Chinese abroad. The figures in the different localities run as follows:—British Malaya, 1,709,392; Dutch East Indies, 1,232,650; Borneo, 75,000; Siam, 2,500,000; Indo-China, 381,417; Burma, 193,598; Hawaii, 271,796; Russia, 251,500; U.S.A., 74,945. There are only 20,074 Chinese in Japan, less than one-third the number in the United States.

The death occurred suddenly in Washington, D. C., June 4 as the result of a blood clot in the arterial system, of Joseph Byrns, Democrat from Tennessee, and Speaker of the U.S. House of Representatives, after a fatiguing day in the House. The late Mr. Burns was a member of the U. S. Congressional party which passed through Shanghai half a year ago on a visit to the Philippine Islands. William B. Bankhead from Alabama has been elected Speaker to succeed Mr. Byrns.

Willard Price, who is writing a series of articles dealing with the Far East for *Harper's Magazine*, is now in Peiping where he plans to reside for several weeks. He is the guest of the Rev. Earl Hoose of the American Bible Society. Mr. Price is a graduate of Western Reserve University, Cleveland; New York School of Philanthropy and Columbia University and has had extensive journalistic experience. He has traveled widely in China, Japan, India, the Philippines and northern Africa.

A Chinese Arts Exhibition is in progress this month in the Bubbling Well Arcade at the corner of Seymour Road, Shanghai. The exhibition has been arranged by various collectors in Shanghai who have been making plans for it during the past few months. It contains over 2,000 rare pieces including porcelains, bronzes, jade, jewelry, carved furniture and other works of art. An admission charge of 50 cents is being made to defray maintenance costs. A reception to the press was held June 6, given by the sponsors of the Exhibition.

C. M. McDonald, correspondent in Peiping for the *London Times*, visited in Shanghai for several days last week.

C. D. Allcott, member of the editorial staff of *The China Press*, Shanghai, has returned from North China where he had been writing a series of articles on the smuggling situation.

A. H. Buchman, who has been a member of the editorial staff of *The China Press* and recently editor of the shipping supplement, has joined the staff of the French *Havas* news agency.

James Mills, traveling correspondent for *The Associated Press*, departed from Shanghai this week on a trip to North China where he plans to spend considerable time. He will make his headquarters in Peiping, residing at the Wagons Lits Hotel.

Jack Foster, member of the editorial staff of the New York *World-Telegram*, who arrived in Shanghai this week on a trip around the world, departed on Thursday for Hankow and the Upper Yangtsze. While in Shanghai Mr. Foster was the guest of John Morris of the *United Press*.

Richard Watts, Jr., dramatic critic of the New York *Herald-Tribune*, who is now traveling in China, arrived in Peiping on Wednesday of this week and after a few days there will return to Shanghai and sail for home on the *President Hoover*, June 16.

C. H. Lowe, director of the Shanghai Office of the China International Famine Relief Commission, will depart for America on June 16, and will be absent for about three months. From August 14-29, he will attend the Institute of Pacific Relations conference at Yosemite, California, as a member of the China delegation.

Highway Bandits Kill Five Bus Passengers on North Hupei Highway

Five bus passengers were instantly killed in a shooting outrage by a band of highway robbers on June 3 near the small town of Pinglin along the North Hupeh Highway, according to belated reports reaching Hankow this week. A fifth passenger, Lo Kuo-ken, an anti-opium inspector, was fatally wounded during the shooting and succumbed in a hospital the next day. Following the outrage, several of the suspected culprits have been apprehended by the authorities. Bus traffic on the route remains uninterrupted.

K. I. Samset, superintendent of the Norwegian Lutheran Mission at Laohokow, in North Hupeh, in Hankow was captured by bandits on June 5 while travelling by motor bus from his station to Hankow. Nothing has been heard from him since he was taken prisoner.

Investment Trust Loses, But Chairman Is Optimistic

Speaking at the annual meeting of the Investment Trust of China Ltd. in Shanghai June 8, F. R. Davey (presiding) said "Though we are meeting to-day in the shadow of what undoubtedly is a very serious depression, I do not think there is any need to be unduly pessimistic. Shanghai is experiencing to-day what has been experienced in most other countries. I will not venture to prophesy, but only to express the hope, not necessarily based on undue optimism, that within a few years I, or my successor as your chairman, may have the pleasant task of making a similar announcement to the the shareholders." The profit and loss statement showed a loss on the year's working of $97,713.45.

Japanese Seize Film of Troop Train Made by American Sailors

When a group of American sailors, members of a sight-seeing party from the U.S.S. *Black Hawk*, at Chinwangtao, attempted to take picture of a Nipponese troop train bound for Tientsin recently, a group of Japanese soldiers on guard duty at the station immediately seized the camera after the sailor had started to use it. The sailor at first refused to hand it over and stood his ground. A "rough house" was prevented by the U. S. officer commanding the sight-seeing party suggesting that the sailor who had taken the pictures hand the film to the Japanese and then leave the station. The sailor did as his superior suggested, handing the film over to a Japanese sailor. The latter took it, threw it on the ground in front of the American officer and stamped on it.

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New Books of Interest in the Far East

A German Review of World Economics

Weltwirtschaftliches Arch'v.—Zei schrift des Instituts fuer Weltwirtschaft.—November 1935, January 1936, March 1936.—

The January number of this periodical considers the causes, technique and results of the devaluation of the currency in various countries, i. e. England, Denmark, Norway, Sweden, South-Africa, Australia, New-Zealand, Japan, Chile, Tchekoslovakia, Belgium and the United States. These articles should prove of great value to all those who want to study in detail this particular problem and who care to compare facts, figures and methods.

The number for November 1935 contains a very clever inquiry into business cycles and business cycle policy by Dr. J. Tinbergen of Rotterdam. Special attention is devoted to the difficulty of determining fixed relationships, as, for example between prices and production. Empirical examples show a good correlation of actual curves with curves derived theoretically. Another article by F. H. Fentener van Vlissingen, President of the International Chamber of Commerce, Paris, considers problems of economic recovery. The decline in world trade is chiefly ascribed to dislocations in the international division of labor. The general crisis is due to the industrialisation of agricultural countries and the agricultural development of primarily industrial countries; to the decrease in the aggregate purchasing power of agricultural countries; to the changes in the structure of the balances of payments which have caused financial disturbances. The prerequisite to international trade recovery lies in the re-establishment of a rational international division of labor. This may be achieved by restoring normal balances of payment, which means that creditor states should agree in having a passive trade balance and thus enable debtor states to discharge their debts in goods and services.

For those who are interested in the economic development of Central Europe, an account of the policy of the German Reichsbank since 1924 by Karl R. Bopp, Assistant Professor of Economics and Finance at the University of Missouri will be of great value. The same applies to an article on German Finances since 1933 by Dr. Felix Boesler, Leipzig.

The March number of this year has a very enlightening article by Prof. Richard Kerschagl, Vienna, on the question of financing government investments. The principal methods are those of currency creation or loan-issue. The method of currency creation will as a rule produce inflationary symptoms. An article on the relationship between development of transport and production by J. Edwin Holmstrom, London, should be of special interest in China. For in countries where new developments in transport are taking effect simultaneously with changes in the nature or volume of production from industry and agriculture, the question arises how these two sets of changes may best be coordinated; hence special interest attaches to comparing the relative advantage of different means of transport and to studying the conditions under which they may compete or combine with one another.

A very interesting report by Dr. Galina Berkenkopf, Muenster, considers the interdependence between industrialization and foreign trade in Soviet-Russia. L.U.S.

Not Too Serious

Gangplanks to the East, by Bertha Lum. New York City: The Henkle-Yewdale House, Inc., 1936. *Price U.S.*$3.00.

Mirror of China (Miroir de la Chine), by Louis Laloy. New York: Alfred A. Knopf, Inc., 1936. *Price U.S.*$2.75.

Add to the many new books on the Far East these two volumes, neither of which can be regarded as an important or significant contribution to literature on the Orient, but both of which are not unpleasant reading.

The first volume is the least important. A pleasant series of travel sketches, the authoress raves about Japan and Korea, discusses scenery in China, and deals briefly with the Philippines. The book is supposed to open up hidden charms of the Orient rarely seen by the common run of tourists or even residents of the Far East. To a certain extent, the venture is successful. "I have tried to put into words the enchantment of that old life which still lingers throughout the Orient just beyond the rush of modernism," says Miss Lum. Unfortunately, that is all Miss Lum is interested in. She has a passion for old myths and legends and crumbling temples. If you like these old myths, legends, and temples, the book will be interesting. Those interested in the Orient of today, even from the pictorial angle, will probably find Miss Lum's book superficial, nice, easily digestable froth. There is one pertinent line in the book, at the close of an otherwise empty chapter on Shanghai: "Shanghai is a mad dream—a pageant of all nations, of every color and every mood, fantastic, never the same, but always Shanghai." Not bad.

Someone has very aptly described a liberal as an enlightened conservative without the courage or intelligence to be more than just a liberal. Perhaps this description of Professor Laloy, author of the second volume, is a bit unfair, but one constantly feels this throughout his book. The author, a famous French savant who knew Sun Yat-sen when the latter was in Paris in exile, who speaks Chinese, and is an authority on Chinese music, describes his visit to China from Paris in 1933 and the return via Siberia. Unlike Miss Lum, he is interested in things more important than myths, is a keen wit, writes exceedingly well (with the help of an excellent translation), and gives his comments on everything from Chinese music to politics. A few examples of Dr. Laloy's better moments:

> "China is accused of hating foreigners, but wrongly so. Its morality prescribes the same duties toward all men. It is not the foreigner whom it hates, but he who injures the country."
>
> "One day I asked one of them (French officials at Peiping) whether it was absolutely impossible to get any clear meaning out of the treaties invoked with equal conviction by China and Japan in Manchuria; upon which he replied sceptically: 'Of course it is impossible, and it is the same of all treaties. If a treaty admitted of only one interpretation, it would never be possible to get it accepted by both sides.'"

And here is Dr. Laloy at some of his worst, perfect examples of chauvinism and illustrations of the fact that when it comes to basic understanding of the forces moving in the Orient, Dr. Laloy had better avoid them and stick to his comments on music:

> Referring to the natives of Indo-China: "Hence they have cause for complaint. And the strange, the astonishing, the revolting thing, unheard of in the past, is that they actually complain . . . . Before . . . they simply bowed before the storm and let it pass over them . . . Yet now they rise up and complain . . . ."

"Revolting" says the savant. Dr. Laloy's chauvinism and lack of understanding is much more revolting. And the barbaric methods by which French Imperialism crushed this revolt is one thousand times more revolting.

> Speaking of Chinese higher education: "As for a diploma, it means nothing, for most of the Chinese Universities have adopted the American method, which makes it the reward of regular attendance at lectures, without any examination into the students acquirements, and accepts marks of attendance as a substitute for examination marks."

American educational methods are far from perfect, and so are French methods. Any Chinese student who is a graduate of a school here with American influence or who has attended higher schools in the United States would tell Dr. Laloy, bluntly, that he is "screwy."

Dr. Laloy's book is full of similar remarks which, for any sensitive reader, greatly mar the value of the book. When he sticks to music, of which he is a great authority, he is indeed at his best and at home. When he tells of his conversations with Mei Lan-fang, and other Chinese notables, he is also at home. He is also adept at telling us why he likes the flavor of his tea, how this and that strikes his fancy, and other little oddments which make his book the light and pleasant reading that it is. These oddments, coupled with Dr. Laloy's lack of understanding of economics, his chauvinism (although he leans over backwards to give a good picture of China and the Chinese), and his conservative liberalism make his volume exactly what it is: superficial. Like a chocolate soda, it is palatable even if it does not furnish much nourishment.

A. B.

Literary Notes

The May 9 issue of *Business Week* (New York) contains two articles of interest to residents of China. One is headed "New Vegetable Miracles" and explains how a California scientist grows fabulous tomatoes, potatoes and other products without soil, from shallow tanks of liquid nourishment. Another article deals with U. S. automobile styles in 1937.

The 1936 Handbook of the Christian Movement in China, a 300-page volume which has been compiled by Charles A Boynton, secretary of the National Christian Council, is to be published this month.

Marquis Li Is Released on Security—Echo of China Merchants S.N.Co. Loan

After Marquis Li Kuo-chich, former general manager of the China Merchants S. N. Co., was released end of last week (on posting security) after having been under detention for three years and a half. He was sentenced to three years' imprisonment by the Nantao District Court on charge of misappropriations as a result of the conclusion of an illegal agreement with the China Realty Co. The prison term was increased to three and half years by the High Court. Marquis Li was dissatisfied and appealed to the Supreme Court which passed a sentence of eight months' imprisonment, suspended for two years, but ordered him to pay the China Merchants Tls. 700,000 which, plus interest, amounts to over $1,000,000. He spent most of the time he was under detention in a hospital.

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The Chinese Government Exhibits, which formed the nucleus of the recent International Exhibition of Chinese Art in London, won universal praise during their fourteen weeks' display there. The displayed articles, more than one thousand in number, are classified under four main groups and arranged in their chronological order. They are photographically represented in this catalogue of four volumes.

Volume I consists of 108 pieces of bronze, most of which were cast before the period of the "Warring States" (about 481-205 B.C.), and 12 of them were recently unearthed in Hsin-cheng, Honan, and Shou-hsien, Anhwei. Volume II contains 352 pieces of porcelain which represent the famous porcelain work of the Sung, Yuan, Ming and Ch'ing dynasties (about 960-1911 A.D.). Volume III is composed of 175 pieces of painting and calligraphy representing different artists and schools from the T'ang to Ch'ing dynasties. In Volume IV are pictures of about 300 choicest articles of various kinds.

Besides being represented by one or more photos, each article is accompanied by some Anglo-Chinese description giving the measurement, volume or weight and also the date of origin. Some introductory note by an expert is also provided in each of the first three volumes. From this comprehensive illustrated catalogue, one not only can fully appreciate the splendor and beauty of Chinese art but also can get a general idea about the different stages of its development and progress.

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	William T. Collins, Clerk. L. T. Kenake, Asst. Clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of FRANCIS WILEY GILL, deceased, to present the same with vouchers to the undersigned on or before December 13, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

M. P. WALKER
Executor
c/o American Church Mission
152 Minghong Road

Shanghai, China.
June 10, 1936.

On the Peiping Student Front

BY A PEIPING CORRESPONDENT

The storm-center of the student movement in the north has shifted from Peiping to Tientsin in the past few weeks. There are several reasons for this. According to one student it is because the Tientsin student-body has a much higher morale now than that in Peiping, which has suffered so much in the past few months from police terrorization. Tientsin, on the contrary, maintains friendly relations between police and students for the most part. The Tientsin delegate to the Student Union reported, in fact, that there are five hundred Tientsin police in the Policemen's National Liberation Union of Tientsin—largely, however, because of a conflict with the Mayor's office. Another reason is that the Napoleons and Lenins of Peiping have fled to other cities to escape arrest locally, so that the movement has been "beheaded" of its best military strategists. This is an advantage for the places of refuge but not only for their home-campuses. Still another reason, according to the diagnosis of the same student, is that the Tientsin student associations have not "been split by the Fascist-traitors owing to the accurate application of the united front," benefiting by the experience of Peiping catastrophes due to this inner struggle. The basic reasons seem to be that the recent smuggling activities hit Tientsin more directly than Peiping, and that there is little material for a mass movement in Peiping except the 29th Army, whereas Tientsin, an industrial and trading center, can hope for better results in this line. One thing which has greatly exercised the Tientsin students is the finding of some three hundred mysterious corpses in the Haiho River there, and the report that these were opium addicts and workmen utilized by the Japanese in various ways and then done away with. Some of them were said to have been employed in the building of the Japanese barracks, aerodrome, etc. and other military places before their sudden "demise."

Upon receipt of the letter from the World Student Union in Paris, asking the Chinese to participate in the world strike-week beginning April 23, against Imperialist war, and pledging strong support to the Chinese student movement, the Tientsin students promptly declared a city-wide strike, and organized propaganda tours to the country to continue the anti-Japanese movement. In Peiping only Tsinghua and Yenching Universities were able to organize well enough to join in the strike. Again on May 9 the Peiping Students' Union declared a Boycott Week until May 15, which turned out to be somewhat of a "flop." Few students dared volunteer to join the "*san-jen tuan*," or three-men groups which were to go secretly into into the shops and organize the merchants and consumers against the buying and selling of Japanese goods; and still fewer merchants were willing to forego their profits from cheap smuggled goods. The students seem to have concluded that a boycott without organized military resistance behind it is at this late stage impossible.

The month of May, during which most of the Chinese commemoration days occur, passed without incident in Peiping, though not without quantities of manifestoes being issued on each of those occasions. On May 4th only a few schools held mass meetings. At Peita University Profs. Chou Ping-ling, Ma Shu-lin and Hsu Teh-hung braved Japanese displeasure by giving speeches before the student-body, and at Tsinghua University on May 9, Prof. Ma Shu-lin again spoke before the students upon request. As a result of this, apparently, Profs. Ma Shu-lin and Hsu Teh-hung have been forced to take a year's "leave of absence" from Peita University, while Prof. Shang Chung-yi, who was detained in the military prison for several weeks this winter with no charges preferred against him, has been dismissed from his position in the Department of Education at Peita. These actions against the three professors of Peita have incensed the student-body very much, and the students are now organizing a movement to get Prof. Shang reinstated and to see that the other two shall under all circumstances "return" after their leave. Ma Shu-lin is an old scholar who was in Peita during the 1919 movement, and Hsu Teh-hung was one of the Peita students arrested at that time—so they have a long tradition at that institution. This fact makes the arbitrary action taken against them by the school administration very pointed indeed, and it is generally believed to be the beginning of the end of all outspokenly anti-Japanese educators in the north. These three, along with Prof. Tseng Chao-lun, grandson of the famous Tseng Kuo-fan, are the only members of the Peita faculty who openly supported the student movement and were all four members of the Cultural Circles National Liberation Association, naturally they are much beloved of the insurgent student body, which has been having an open feud with Dr. Hu Shih and Chancellor Chiang Mon-lin recently. Ma Shu-lin has often given encouragement to the students in speeches before their mass meetings. Both he and Prof. Tseng Chao-lun gave patriotic talks on March 18 to the Peita students on the national crisis, at a time whem all other intellectuals were lying very low indeed after the police depredations.

On May 28 a demonstration of some six thousand students took place in Tientsin protesting against the increase in the Japanese garrison, the smuggling of Japanese goods into North China and demanding the release of their arrested comrades. The demonstration was peaceable and orderly, however, although about thirty were injured by police guarding Ching Kang Bridge, when the students tried to make their way nearer the Japanese Concession. Two of their slogans were significant: "May the 29th Army continue their work against the Japanese!" and "May the Tientsin police continue their work against the Japanese!" No demonstrations of any kind have occurred in Peiping, although the students are starting the "propaganda" tours to the nearby villages again.

The recent increase in the Japanese garrison and the reported withdrawal of the 29th Army is precipitating another crisis in the student movement here. Thirteen schools, including Tsinghua, Yenching, Shihta, Tungpei, Chungkuo and Peita Universities, are now on strike for a five-day period—beginning with May 30th—and the movement is gaining momentum daily. Tientsin schools, in the meantime, have been barricaded by police since their demonstration on the 28th and continue the strike begun on that day, also.

On May 31st the Peiping Student National Liberation Union (the new name of the Union) held a meeting of representatives from forty schools, at which it was voted to send a circular telegram protesting against the increase of Japanese troops and the withdrawal of the 29th Army, and in order to enforce this protest, to organize a big demonstration of all classes of people if possible.

Peiping students pin their hopes on the 29th Army, which is having considerable conflict in its ranks recently on the Japanese policy. They feel the strong sympathy of the younger officers behind their anti-Japanese movement, and that the mass of the troops would certainly join in a campaign of resistance, because if they withdraw from Hopei upon Japanese request they have nowhere else to go. Feng Yu-hsiang is said to have a considerable moral influence among many of the officers. Yenching students report that during their propaganda work this week, one young officer in the 29th Army stated that they are very sympathetic with Feng Yu-hsiang's advice that they join with the Red Army and all other anti-Japanese elements and unite to resist Japanese invasion.

During the demonstration in Peiping on March 31, the students issued manifestoes addressed to the soldiers and police which could only be described as a direct incitement to mutiny—asking that they refuse to carry out the pro-Japanese policies of their commanders and join in the patriotic movement. These particular bits of paper are said to have infuriated the police officers etc. who promptly regarded them as bona fide evidence of "Communist" activity. Later, however, they changed their tactics and began wheedling the "higher-ups." While General Sung Cheh-yuan was having his difficult negotiations with the Japanese in Tientsin in April, the Student Union sent him a letter hoping to influence him to break away from Japanese control. This recalled the "glorious" Hsifengkou battle of the 29th Army and said: "Though circumstances put you at the head of our enemy's bogus government, the Hopei-Chahar Council, though you appear to have taken a stand opposing us, we sincerely believe that the gulf that separates us can be lessened and ultimately caused to disappear. As long as you can revive the spirit of Hsifengkou, the youth of China will always reserve a place in our hearts for our leader against Japan. We have not lost hope. We shall wait! We represent the students of Peiping in hoping you will again take up the leadership of the masses in a movement for the liberation of China." On June 2, five delegates each from twenty-five schools carried letters, in three groups, to the three barracks of the 29th Army urging the officers and men to join with the anti-Japanese movement.

There is a noticeable new friendliness toward the student movement among all circles in Peiping now. The tendency toward describing it as "Communist agitation" is making way for a tendency to find it a "pure patriotic" movement. As the students say, "It's amazing what a change in terminology can be made when the pocket-book is threatened"—as it has been since the smuggling activities have begun. In the meantime, the Japanese show evidence of distinct impatience with the students—obvious evidence that the long months of struggle, manifestoes and general propaganda-work have not been in vain. There is everything to fear for the Japanese if the students were given freedom to carry their messages here and there where dynamite situations exist.

Peiping, June 2, 1936.

Progress of China's Prison Legislation

BY PAUL T. S. CHIANG (姜覲三)

The Preliminary Draft on Prison Law which was prepared by His Excellency Wang Yuen Ping passed at the National Judicial Conference which took place in the latter part of last year is now in the hands of the Legislative Yuan. It is one's belief that after some further considerations, it will come into force shortly. The whole provision contains 16 Chapters, of 195 Articles. After careful study of the whole text, there are a few points which are worth our attention. It is not an exaggeration to say that the new Draft will give better and more adequate treatment in dealing with prisoners.

(1) *Special Treatment for Young Offenders.*

The special treatment of the young offenders is not a new departure in legal history. It is result of recognition of the evils connected with their association with hardened criminals. Moreover, owing to the revised Chinese Penal Code, the law makes possible reduction of punishment to offenders whose ages range from 14 to 18 years. Therefore, at the time of imprisonment, the combination of mental, moral and physical training is especially necessary. To this effect, a most important contribution with a view to saving the young offenders from the taint and injury of prison life, and to seek the solution of reclaiming them by the method of effective separation from adult prisoners has been proposed. Article 3 of the Draft reads: A prisoner whose age is not yet 18, should be confined separately in the minor prison. The aim is to keep the young offenders with their plastic minds, in a place where the personal influence and examples of trained teachers can create a corporate spirit and teach standards of social behaviour more easily than in a mixed institution, where different kinds of criminals are gathered together.

(2) *Prison Labor*—

(a) Development of Farming by Prison Labor.

Although the present Prison Regulations which are now still in force stipulate prison labor, yet the work is largely limited within prison walls. Articles 55 and 56 provide: Agricultural farms should be established near prison districts. Prison officers may appeal for uncultivated or public lands for the construction of forestry and reclamation. From the development of such a scheme three distinct benefits may result,—economical, healthful and educational. Economical benefits consist in the provision of large quantities of farm and dairy products for the use of inmates which may save a portion of supplies from the state. It is healthful from the standpoint of prison labor, for it gives an opportunity for physical exercise rather than for work. Educationally since at least 60 per cent of our own people are actually farmers, such training will no doubt suit their occupation and increase farming capacity after their discharge.

(b) Wage Payment.

The question as to the wage payment to prisoners both from the theoretical and practical points of view has been long debated in prison legislation. To the classical legislators prisoners are a heavy burden to the state. From the moment they commit crime until they are discharged the cost is enormous. Closely allied to this is the fact that penal institutions at present are not self-supporting. It seems that these institutions should be made economically independent before considering the wage payment to the prisoners. The positive legislators regard the payment of a wage to a prisoner an effective means of rehabilitation. It increases interest for the prisoner, and makes him feel that imprisonment is a measure of justice rather than cruelty. However, the new Draft makes its own

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invention. As a general rule, the surplus of work goes to the state. By judging the diligence of a prisoner he may be entitled to receive a certain sum of money as a gratuity. Such money he may dispose of on conditions that payment is made for the restitution of those who have suffered from him or for the support of his dependents. The prisoner could only request one third of his total reward at a time, the minimum amount of which should be over ten dollars. The remaining part is reserved for his travelling or working expenses at time of his discharge.

Most of us realise that often the prisoner leaves behind a family with no means of support, and this causes the family to suffer from deprivation and poverty. What can surpass that tragedy? From the motives of social welfare and the prisoner's dependents it seems that the state would be quite justified in adopting the payment system.

(3) *Educational and Recreational Measures.*

To allow a prisoner any privileges will usually produce incongruous results which are contrary to the purpose of prison discipline. In the new Draft attempts have been made to mitigate the awful isolation of prisoners by allowing certain privileges, which may bring them certain positive influences for good. These privileges include reading, writing, visitation and so forth. A prisoner is allowed to read, and provided his reading is not contrary to prison discipline. He may read along the lines of his own interest and vocation. To those who are sentenced for longer periods music and educational pictures may be introduced for the sole purpose of mental stimulus. Besides, in the Article 79 a prisoner is also allowed to establish the prison paper to give him an opportunity of knowing what is going on the world. The object of the scheme is more or less of a recreational nature, which will contribute greatly to the mental well-being of prisoners.

(4) *Medical Attention.*

In the former days little attention was given to the physical condition of the inmates unless they were actually sick. Modern legislators realise that some deliquencies of criminals are due to the direct result of physical causes, so medical attention to the prisoners should be given from time to time. Article 100 provides that every three months the medical officer should examine the prisoners. For the purpose of preventing infectious disease, injection and vaccination should be given. In emergency cases special permission may be granted to the prison officers to remove the prisoner to the nearest hospital for treatment, the prisoner being regarded as on parole. A prisoner who has an infectious disease should be isolated. The officer in charge should make a detailed report of the case to the Superintendent. The prisoner should be examined by the medical officer prior to his discharge.

(5) *Adoption of Grade System.*

The object of prison discipline emphasises training rather than punishment. To adopt the Grade System is solely essential in order to encourage the improvement of the conduct of the prisoner. Article 156 divides the system into 5 grades. At the time of admission a prisoner is listed in the first grade. By good conduct he advances into the second and so on. In case of bad conduct he is to be degraded. When a prisoner reaches the 5th grade he is entitled to the privilege of conditional release upon recommendation of the prison Superintendent, who must state that there is reasonable probability that he has abstained from the habit of vice and is working to a useful and industrious life. Such a system it is hoped will be most conducive to reformation and to the repression of crime.

The above mentioned points only indicate that the new legislation on the prison problem has been given much more attention than before. Besides, several new provisions in connection with prison management and discipline, prison labor, education and training have been added. It is hoped that the new code will meet pressing needs, and will solve some of the long neglected and unsettled prison problems in this country.

Shanghai, May 23, 1936.

National Opium Suppression Day Celebrated at Nanking

The 97th anniversary of the confiscation and destruction of the historic cargo of opium imported in 1839 into China by British traders at Canton, which inaugurated the anti-opium campaign under Viceroy Lin Tse-hsu, Imperial High Commissioner, was commemorated at a meeting held in Nanking June 3 under the aupsices of the General Association of Opium Suppression Commissions. The day was celebrated as National Opium Suppression Day.

An address for the occasion had been prepared by General Chiang Kai-shek, but as he was unable to attend owing to pressure of other business, it was read by Kan Nai-kwang, member of the General Association. General Chiang's address stressed that the success of China's opium suppression program depends to a large extent on international co-operation; if foreign opium continues to pour into China unabated, all her efforts and all her sacrifices would have been made and sustained in vain; therefore it was earnestly hoped that friendly Powers would not revert to a policy of poisoning China and thus further enhancing causes for mutual misunderstanding.

The present difficulties confronting China's opium suppression authorities, said Gen. Chiang, are unparalleled elsewhere in the world. The conditions in China are such that illicit organs engaged in the trafficking and manufacturing of opium and drugs can exist in China, and yet remain beyond the powers of the Chinese authorities to suppress them. Cognizance of this fact by the Powers is therefore necessary in order to lend every support and co-operation to the Chinese Government to stamp out the drug evil.

A report on the work carried on by the General Association of Opium-Suppression Commissions, inaugurated in November of last year, was issued at the same time. The report states that opium-suppression has become the pivot of local administrative work. Pending enforcement of the revised regulations, a set of 10 provisional measures governing the examination of opium-suppression records has been formulated. Heavy fines are imposed on opium addicts and dealers. Part of the fines is given as reward to those responsible for discovery of cases of illegal consumption or traffic in opium, and the remainder employed to defray the expenses of opium-suppression.

Anti-Opium Law Promulgated

Capital punishment is provided in the Provisional Anti-Opium Law promulgated by the National Government June 3. Consisting of 25 articles, the law provides for stern punishments for offenders. Penalties range from death and life imprisonment to fines, according to the degree of offences. Poppy growing is strictly prohibited by the law, while heavy retribution awaits any one who contests government agents destroying poppy sprouts. Trafficking, selling and smuggling of opium poppy seeds and establishment of opium dens are likewise forbidden. Drugs addicts who are found guilty of opium smoking for the third time, the law further provides, shall be subject the extreme penalty. The same punishment applies to faculty members, students and public employees who are addicted to the drug habit. Every precaution is provided in the law to see to it that public employees do not commit graft in connection with the anti-opium campaign. Rigid punishments of varying degrees are listed in the regulations. Even keeping of opium pipes and other smoking paraphernalia is not allowed by the law. Violators are to be subject to prison terms of not more than one year or hard labor or fine of not more than $500. The law came into force on June 3.

"East Hopei" to Have Opium Monopoly

The newly arrived Japanese troops at Fengtai are building new barracks, comprising over 300 rooms, near the railway station, according to information from a Peiping resident who arrived in Nanking from the North end of last week. The so-called East Hopei Autonomous Regime, he reported, is contemplating steps for the enforcement of an opium monopoly with the intention of driving out the ronins to Tientsin and Peiping.

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June 10, 1936

Stock Exchange— Business Done:-

T tal Volume: 880,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale June 8	Last Sale June 9
13⅞	9⅝	0.10	Adams Express	10¾	10⅞
134½	115¾	4.00	American Can	128¼	129¼
40⅜	29¼	0.60	Amer. Cyanamid "B"	35	35⅝
9⅝	6½	—	American & For. Power	7⅛	7⅛
43	29⅜	—	American & Foreign Pwr. $7 pfd.	32⅞	33⅝
27⅝	18⅝	—	American Radiator	21	20⅜
178	149½	9.00	American Tel. & Tel.	166⅝	170½
104	88⅛	5.00	American Tobacco "B"	93½	95¼
25¼	19¼	—	American Waterworks	22⅛	23⅛
39¾	28	0.25	Anaconda Copper	33⅝	33⅝
86⅝	59	2.00	Atchison, T. & S. Fe	70½	72¼
54¼	29½	—	Auburn	28⅝	27
24¼	15⅝	—	Baltimore & Ohio	18	18¼
63⅜	45⅜	—	Bethlehem Steel	52½	52⅜
26½	16⅞	—	Boeing Airplane Co.,	21	22⅞
16	10⅞	—	Canadian Pacific Railway	12⅜	12⅜
172¾	92½	—	Case, J. I.	161¼	162⅜
47⅞	20¼	1.40	Chase National Bank	39½	39⅝
74½	59	3.00	Chesapeake Corp.	68	68
61	51	2.80	Chesapeake & Ohio	58	58¼
103⅞	85½	4.00	Chrysler	93⅜	95¼
21⅝	14	6.00	Columbia Gas & Electric	19	19⅝
24⅝	16	2.00	Coml. Solvents	16⅜	16½
5½	2¼	—	Commonwealth & Southern (ord.)	3	3⅛
38⅝	27¼	1.00	Consolinated Edison	33¼	34½
15¼	11⅛	0.25	Consolidated Oil	11⅝	11⅛
38½	28¼	.87½	Continental Oil	28⅞	29
79	68⅛	3.00	Corn Products	78⅜	78½
75⅝	50⅝	0.75	Douglas Aircraft	56⅝	57¼
153	133	3.60	Du Pont de Nemours	143½	144⅛
25½	15⅜	—	Electric Bond & Share	19⅝	21
41⅞	34½	1.00	General Electric	38¼	38⅜
40⅛	33⅛	1.80	General Foods	40⅛	40½
71	53⅝	2.00	General Motors	61⅞	62
50	32½	1.00	General Railway Signal	37	37
21⅜	15⅜	1.20	Gold Dust	16¼	16½
31⅞	21⅜	—	Goodyear Tire & Rubber	24⅛	24⅜
76½	57¼	1.00	Humble Oil	58	58
54¼	43¼	1.00	Internation Nickel	46⅜	46⅞
19¼	12	—	International Tel. & Tel.	13½	14⅝
41⅝	28¼	1.00	Kennecott	38¼	38⅜
54⅜	33	2.00	Loew's Inc.	44½	45⅝
26½	21¼	1.20	Lorillard	22⅜	22⅜
103	80⅜	1.00	Monsanto Ch mical	88⅜	89⅝
45¼	35⅜	0.20	Montgomery Ward	43½	44⅛
41⅞	18½	1.00	National City Bank	34	34⅛
25¼	21	1.20	National Dairy Prods.	24⅛	24⅛
33⅜	27⅜	2.00	National Distillers	27⅞	28
14⅞	9⅜	0.60	National Power & Lt.	10¼	10⅜
42¼	27⅜	0.10	New York Central	35⅛	35⅜
32½	23¼	1.00	North American	26⅜	27⅜
39⅜	30⅜	1.50	Pacific Gas & Electric	36	36⅜
56⅞	47⅜	2.40	Pacific Lighting	51½	51⅞
13	6⅞	0.10	Packard Motors	10⅛	10¼
39	28¼	1.00	Pennsylvania Railroad	30½	31
49⅜	38⅛	1.00	Phillips Petroleum	39⅝	39⅝
48⅜	39	2.40	Public Serv. of N. J.	44	45
14¼	9⅜	—	Radio Corporation of Amer.	11⅜	12
58⅝	50	3.00	Reynolds Tobacco "B"	54	54⅜
52	38⅜	—	Schenley	41⅜	41⅞
73½	59⅝	2.00	Sears Roebuck	73¼	74½
17	12½	0.40	Socony-Vacuum	13	12⅞
28⅜	25	1.50	Southern California Edison	26⅜	27
38⅞	23½	—	Southern Pacific	32⅜	33⅛
18	14⅜	0.80	Standard Brands	15½	15⅝
9⅜	5¼	—	Standard Gas & Electric	6¼	6⅞
70	51⅜	1.00	Standard Oil Co. of N. J.	58⅜	58⅛
71⅜	65	3.80	Sterling Products	67⅝	68
38⅝	33	2.00	Texas Gulf Sulphur	36⅛	35⅞
14⅜	11	0.30	Transamerica	12⅝	12⅞
88⅜	71⅝	2.00	Union Caride & Carbon	85	86⅜
138¼	108½	6.00	Union Pacific	125½	127¼
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